



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Mercher, 3 Mehefin 2015
Wednesday, 3 June 2015

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Christine Chapman	Llafur (yn dirprwyo ar ran Mick Antoniw) Labour (substitute for Mick Antoniw)

Keith Davies	Llafur Labour
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Ann Jones	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substitute for Jeff Cuthbert)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Cynghorydd/Councillor Phil Bale Edwina Hart	Arweinydd, Cyngor Dinas Caerdydd Leader, City of Cardiff Council Aelod Cynulliad, Llafur, (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour, (Minister for Economy, Science and Transport)
Yr Athro/Professor Kevin Morgan Paul Orders	Prifysgol Caerdydd Cardiff University Prif Weithredwr, Cyngor Dinas Cadeirydd Chief Executive, City of Cardiff Council
Steve Phillips	Ysgrifennydd y Bwrdd, Dinas-ranbarth Bae Abertawe Secretary to the Board, Swansea Bay City Region
James Price	Cyfarwyddwr Cyffredinol, yr Economi, Gwyddoniaeth a Thrafnidiaeth, Llywodraeth Cymru Director General, Economy, Science and Transport, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Martha da Gama Howells	Ail Glerc Second Clerk
Rachel Jones	Dirprwy Glerc Deputy Clerk
Andrew Minnis	Y Gwasanaeth Ymchwil Research Service
Gareth Price	Clerc Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 9:32.
The meeting began at 9:32.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning, and welcome to the Enterprise and Business Committee. May I welcome Mohammad Asghar, who joins the committee as a replacement for Byron Davies? The committee is grateful for Byron Davies's contributions and wishes him well in his new role. I also welcome Gareth Price as our new clerk. Gareth is known to many of us, and we're very grateful for your attendance as the clerk now and in the future. I've received apologies from Gwenda Thomas, Mick Antoniw, Joyce Watson, Jeff Cuthbert

and Dafydd Elis-Thomas, and I welcome those who are substituting very kindly for them today, and that's Ann Jones and Christine Chapman. Welcome and thank you very much.

[2] Now, can I welcome our witnesses and explain that the meeting is bilingual, and headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel 2? The meeting is being broadcast and a transcript of the proceedings will be published later. May I remind witnesses there's no need to touch the microphones, as they should come on automatically? In the event of a fire, I ask that you follow directions from the ushers.

09:33

Dinas-ranbarthau City Regions

[3] **William Graham:** We will go straight into it, unless you particularly wanted to make any comments beforehand. We're very grateful for what you've provided already. Are you quite happy to take questions straightaway?

[4] **Mr Bale:** Absolutely and, really, to say thank you for the invitation to the committee. It's a very exciting agenda, the whole city regions concept, and we're very much actively engaged in that, as I'm sure you'll find out from your questions.

[5] **William Graham:** Thank you very much. Could I ask you then to give your names and titles for the Record, please?

[6] **Mr Bale:** Councillor Phil Bale, I'm leader of the City of Cardiff Council.

[7] **Mr Orders:** I'm Paul Orders, chief executive of the City of Cardiff Council.

[8] **William Graham:** Thank you very much. Our first question is from Christine Chapman.

[9] **Ms Chapman:** Thank you. Good morning, both. The committee wants to know what your assessment is of the progress that has been made by Cardiff capital region board since it's been established. Now, we had a suggestion, in evidence from Professor Gillian Bristow, that, as far as the Cardiff region is concerned, there is a growing degree of frustration at the slow rate of progress in putting delivery mechanisms in place. I wonder, do you agree with that assessment?

[10] **Mr Bale:** I think my own experience of the city region started last spring when I became leader. I then, more recently, have become an observer on the advisory board, so I've become much more familiar in terms of the work that that board is doing, and I do get a sense that there's an acceleration of activity, and that actually, it is an agenda that's being taken forward very strongly and very positively by the chair, Roger Lewis. Also, from my discussions with other leaders across the region, there's a real sense and recognition of the importance of working together at the current time—not just because of the economic benefits, but also in terms of the financial challenges local authorities are facing at the moment. There is a clear rationale for us to pool resources and to target them properly going forward. More recently, we've obviously seen the launch of the vision paper. That was back in February and something I was very supportive of. We've had the launch of the city of Cardiff marketing suite in Cardiff bay. I don't know if you've been to that facility, but it is an absolutely fantastic asset. It's already been used quite widely to attract inward investment into the region. Also, I think there's a recognition that the branding around the Cardiff capital

region is something that we need to roll out more. So, I'm certainly supportive of doing that so that we actually raise our profile, not just within the region but more broadly as well.

[11] **Christine Chapman:** So, you're reasonably happy with the pace of progress. As far as the timescale goes, obviously we are looking for things to happen, but I just wondered whether you've assessed a potential timescale by which the city regions could be fully operational in Wales. Any thoughts on that?

[12] **Mr Bale:** I'm aware that the advisory board is looking towards making recommendations to the Minister. I understand that there was also an announcement in the last week or so that the termination of that board has been extended to after the summer. I think that's something that I would welcome, so that we can continue the momentum that's taking place around this. There is an issue around delivery, though. I mean, I think I recognise the point you're raising. We do need to move now towards having very clear delivery mechanisms to align with the vision that's being set up and also that has been bought into quite widely, and not just by the local authorities; I know the university sectors and others have absolutely been consulted and engaged with on this process, and I think there is broad support in taking those priorities forward.

[13] **Christine Chapman:** Okay. Thank you.

[14] **William Graham:** Thank you. Rhun.

[15] **Rhun ap Iorwerth:** A very good morning. Bore da. The report 'Powering the Welsh Economy' does highlight what, perhaps, the Cardiff capital region might want to achieve through connectivity, skills, innovation and growth, and identity. There's not much detail about how that would be achieved. Is there, do you think, enough detail in that report?

[16] **Mr Bale:** I think it's absolutely a report that has focused minds and attention on key areas of focus that we need as a region. I think everyone recognises some of the strengths that we have in the region around our university sector, for example. On delivery plans, I can see a benefit in terms of having clear lines of accountability in delivery as we take that agenda forward, but I think it's also about having clear metrics as well about what success looks like. I know that it's a point I've been making and I think it's important going forward now that we're all clear when we deliver on that vision what it is that success looks like for a region going forward.

[17] **Rhun ap Iorwerth:** On aspiration, I think we probably all mark it quite highly in that it sets out, in general terms, what the capital region might be able to do, but in terms of, say, objectives that are measurable with key milestones and so on, they're still lacking. Should they be there by now in some shape or form?

[18] **Mr Bale:** This is obviously a rapidly changing and evolving area of national Government policy. What I'm excited about is that the vision also captures the city council's vision now around being Europe's most liveable capital city. I think the work that we're doing within the council around pulling together some metrics to tie in with the future generations work of Welsh Government as well will enable us—not just the council itself but other public sector partners—to actually contribute towards the achievement of that vision going forward in the longer term. So, if we can take some of the work that we're doing already and apply that to a city region level, I think that will also be helpful.

[19] **Rhun ap Iorwerth:** Again, you spell out an aspiration by Cardiff city council—and predecessors of yours would have been very aspirational for Cardiff—but the question is: what can the Cardiff capital city region do that adds value to that? What's the next stage of detail that we should be expecting on how it would actually work and how it would deliver

those aspirational goals?

[20] **Mr Bale:** I think you'll see, with the report and recommendations that the board make to the Minister before the summer, a clear steer in terms of where we're going for the city region. I think we also have to be mindful that we operate, as I said earlier, in a rapidly changing environment here. Bristol, for example, also haven't got the structures in place in terms of their platform for city region development. I think, increasingly now, the pressure is there for us to make sure that we deliver on a city region agenda. So, we are competing both on a UK level and internationally. I'm very much making the case now that we need to get on and move on it. I think you've seen with the Great Western Cities initiative that we've launched, and which we'll be talking about later in this session, and other initiatives that the city council has taken forward, that we recognise the importance of that broader picture of taking the council into a wider sphere, not just recognising our importance in terms of being a capital city, and also as a driver for the Welsh economy—I mean, 50 per cent of the Welsh economy is in the Cardiff capital region—but also recognising our contribution on a UK level. The City Growth Commission report that was highlighting the significance of the wider Severn super region is an indication of the real potential that we have to be a really big player in a UK context and to pull some of that attention from the ongoing debate and discussion around the Northern Powerhouse that we're seeing in the UK media on to us as well.

[21] **Rhun ap Iorwerth:** And finally, that document that we're expecting before the end of June—I think it's being called an 'update paper'; it should be a little bit more than that—you think that that is likely to give us an idea of some of the strategic steps that will be taken from now on to deliver this.

[22] **Mr Bale:** I think we need a clear route map in terms of delivery for where we go in the future, absolutely.

[23] **William Graham:** Eluned.

[24] **Eluned Parrott:** You described it as, obviously, an evolving picture, because you seem to be portraying yourself as being at the mercy, really, of a changing national policy position here in Wales, and actually at a UK level. If we look at places such as Manchester, where the committee's been to talk to them about the development of their city region, it's very clear that that is a ground-up policy area that has evolved as a result of the leadership of the local authorities involved in those city regions. It has not been devolved down on them by force or artificially by another entity. It has come from their leadership. Why is that not the case here in south Wales?

[25] **Mr Bale:** I don't accept that. Since I've been in post there have been some very good working relationships with local authorities across the region. I think you're seeing that now with some of the other policy developments that we're taking forward. The city deal, for example, is absolutely something that local authorities across the region recognise the potential of and are increasingly working together to maximise those benefits. So, I absolutely can see the benefits of city regionalism and seeing the important role that local government plays in that. I think we're in that space. We are absolutely working in partnership with Welsh Government, working where necessary with UK Government to make sure that we take the region forward in the future.

[26] **Eluned Parrott:** But all of the developments and all of the reports, all of the city region boards, and all of the structures that have been set up around city regions in Wales have been set up by the Welsh Government and not by the local authorities themselves. They have been led from another direction, haven't they?

[27] **Mr Bale:** There's been strong leadership and support from Welsh Government in

taking that agenda forward, and I think, in a country the size of Wales, which is very different to England and Scotland, we've a very particular situation here—we have that strong working relationship with Welsh Government, and I see that in place. I see that as an important contribution, an important enabler, for some of the city region work to take place going forward. Assembly Members will all be aware of the very different devolution settlements that exist across the UK. That means that there are particular issues and challenges for local authorities in Wales in terms of doing some of the things that, perhaps, other authorities elsewhere have done. There's also a very long history in many of those authorities, as you will have seen in Manchester, of working together over a long period of time—building trust and building examples of best practice and delivery on the ground. That is where projects like the city deal can actually help to develop those strong working relationships and that platform for longer-term success going forward.

[28] **Eluned Parrott:** But you can't have a city deal devolved to a set of organisations that have no governance structures set up and no formal arrangements for managing any extra powers and, particularly, any money that's given to the region, can you?

[29] **Mr Bale:** When we enter into more detailed negotiations around that city deal, the governance of that city deal will be a very important component of those negotiations, you're absolutely right.

[30] **Eluned Parrott:** Thank you.

[31] **William Graham:** That brings us quite well to Keith Davies.

[32] **Keith Davies:** Diolch, Gadeirydd. Bore da. Byddaf yn gofyn yn Gymraeg. Fel roedd Eluned yn sôn yn gynharach, wrth gwrs, buom ni fel pwyllgor ym Manceinion, ond fel yr oeddwn i'n deall pethau, roedd y rheswm yr oedd awdurdodau Manceinion yn gweithio gyda'i gilydd yn ymwneud â chludiant. Nawr, mae'r Llywodraeth yn Lloegr wedi penderfynu y byddant yn rhoi rwy o bŵer i ardal Manceinion, fel y maent yn ei wneud i Orllewin Sir Efrog ac, efallai, Glasgow. Gobeithio y byddant yn dweud, 'Ac ardal Caerdydd hefyd', ac yn rhoi rhoi arian i'r Cynulliad er mwyn inni allu ariannu'r peth. Ond y cwestiwn mawr—ac yr oedd Eluned yn sôn am hyn—yw: sut ydych yn credu y dylai dinas-ranbarthau gael eu harwain a'u llywodraethu, achos nid dim ond cynghorau sir a fyddai ynghlwm â hwy? Felly, beth ydych chi'n credu fyddai'r ffordd orau i arwain a llywodraethu?

Keith Davies: Thank you, Chair. Good morning. I'll ask my questions in Welsh. As Eluned mentioned earlier, of course, as a committee we went to Manchester, but the way I understood things, the reason that authorities in Manchester were working together was in relation to transport. Now, the Government in England has decided that they will give more power to the Manchester area as they are doing for West Yorkshire and, perhaps, Glasgow. I hope they'll say, 'And the Cardiff city area too', and give money to the Assembly so that we can fund it. But the big question—and Eluned mentioned this—is: how do you think the city regions should be led and governed, because it's not only county councils that would be associated with it? Therefore, what do you think would be the best way to lead and to govern?

09:45

[33] **Mr Bale:** We've obviously got to wait to see the results of the report that comes out from the advisory board before the summer. But, I also think it's really important that local government does have a role and a stake in that agenda. We have experience of delivery across many of those strategic areas that, I think, will play an important part of any city region agenda going forward, whether that's economic development or strategic planning. Obviously, that ties in with negotiations, through the Assembly, with the Planning (Wales)

Bill, on strategic plans on the region as well, and areas like tourism, for example. Those are all aspects that have a very important local government role to them.

[34] We commissioned consultants—and the chief executive might want to come in on this—KPMG, to look at how we would manage the city deal, for example, and that looked at many of the governance arrangements that are already in place across the UK. We obviously can't go down the route at the moment of a combined authority—neither Scotland nor ourselves have got that option. So, the recommendation that came out of that report to the council was that we should look at a joint cabinet model, as Glasgow have set up in the Clyde region, bringing together local authority leaders. I think you've had evidence previously that talks about the importance of reducing complexity and proving the ability for quick decision making across a region. Putting in place structures like that—like a joint cabinet—may well be an opportunity for us to have that overview of the city region agenda, above the delivery vehicles that are put in place below it. So, that's the work that we've commissioned and I think it's helped us get an understanding, as has our membership of the Core Cities group, of what is happening outside of Wales in terms of that evolving city region agenda.

[35] **Mr Orders:** I think the point that the leader's making is that a successful conclusion of a city deal is contingent on having in place effective governance arrangements. If you look across the Core Cities landscape in England and across the UK, there are very distinctive governance arrangements emerging, each with specific variations in place. Glasgow, for specific reasons, in terms of having no combined authority framework in place, took a pragmatic view that the best way forward was simply to establish a joint committee, which basically involved a delegation of responsibilities by each of the local authorities concerned with a city deal into a joint committee arrangement, and then Glasgow hosts the arrangements in terms of resourcing and so on and so forth. It's a very straightforward approach that is tried and tested in local government, which allows us to potentially tick the governance box from a UK Government perspective in the context of city deal.

[36] **Keith Davies:** Pan oeddw'n yn darllen y papurau hyn ar gyfer y cyfarfod y bore yma, roeddw'n ar goll, yn bersonol, oherwydd mae yna dri gwahanol gynllun gennyh. Ni wn sawl tudalen sydd fan hyn, ond mae un o'r papurau yn sôn am weithio gyda Chaerfaddon a Bryste a Chasnewydd a Chaerdydd. Mae un yn sôn am Gaerdydd ar ei phen ei hun ac y mae un yn sôn am Gaerdydd fel un o'r dinas-ranbarthau. Pa un sydd bwysicaf i chi yng Nghaerdydd oherwydd nid wyf yn gweld sut y gallwch wneud y tri?

Keith Davies: When I read these papers in preparation for this meeting this morning, I was lost, personally, because you have three different plans. I don't know how many pages are here, but one of the papers talks about working with Bath and Bristol and Newport and Cardiff. One talks about Cardiff on its own and one talks about Cardiff as one of the city regions. Which one is most important to you in Cardiff because I don't see how you can do the three?

[37] **Mr Bale:** It's a question that's been asked previously and I think it's a valid question. They're all complementary, as far as I'm concerned. I think they're all seeking to achieve something slightly different and they all, together, represent a significant upscaling of our agenda in terms of city regionalism as a major British UK city, but also the capital city of Wales.

[38] So, if I take the Great Western Cities initiative first of all, that is very much about collaboration. We're not talking about setting up new governance arrangements around that. It is bringing together, on a more co-ordinated basis, work around inward investment, marketing of the wider Severn super region and the ability to really highlight connectivity and the benefits of connectivity. So, we're not just looking at the metro on a city regional level, but, increasingly, how those city regions connect with one another is also very important. And

we've seen through discussions with HS2, and now discussions around HS3, that the connectivity between places like Leeds, Manchester et cetera is also important. And so, I think getting the attention of the UK Government when they're making those major investment decisions is really important for us because, potentially, it can have a long-term disadvantage to the Welsh economy unless we are lobbying about the strength and the importance of our own region, our own super region, within the UK context. I know the UK Government commissioned some research on the impact of HS2 and that came back with potentially a negative impact on Cardiff's economy of £68 million a year. We need to be very much alive to those issues and make sure that we make the case to UK Government that, when they are making big investment decisions across the UK, we're not disadvantaged and that we don't end up becoming HS6 or 7; that we absolutely are benefiting from that big UK infrastructure investment going forward as well.

[39] **Mr Orders:** I think, just to pick up on that point, the committee visited Manchester, and one of the defining characteristics of Manchester's success over the last 15 years is the success of its partnership strategy. Very complementary sets of alliances have been established by the leadership, whether it's on a city region basis, whether it's public-private partnerships, whether it's Core Cities, or whether it's relationships with UK Government. So, I think providing those relationships are complementary, and I think they're an essential part of certainly Cardiff's development.

[40] **Keith Davies:** Diolch am yr ateb, achos gallaf weld ble rydych chi'n mynd nawr. Achos, hefyd, os ydych yn darllen beth sydd yn digwydd, mae Prifysgol Caerdydd eisiau gweithio gyda Phrifysgol Bryste a gyda Phrifysgol Caerfaddon. Os taw'r pwrpas yw i dynnu arian mas o Lundain, rwy'n cytuno'n llwyr â chi.

Keith Davies: Thank you for the answer, because I can see where you're going now. Because, also, if you read what is happening, Cardiff University wants to work with Bristol University and with Bath University. If the purpose is to take money out of London, I completely agree with you.

[41] **William Graham:** Thank you. Oscar, on the metro.

[42] **Mohammad Asghar:** Thank you, Chair. My question is about the metro system in south Wales. The question is whether there has been enough clarity and progress to date made for the delivery of metro in south Wales.

[43] **Mr Bale:** I think the city council has been a long-time supporter of this project. We recognise the significance, as does Welsh Government, of the importance of connectivity within a city region. I've said that in the chamber within City Hall on numerous occasions when asked about this project, but it is a Welsh Government-led initiative, and we remain supportive of the objectives to that. There was a briefing earlier this week to local authority leaders in the region by the Minister and officials. That gives a strong steer to us now that, going forward, there should be some announcement before the summer in terms of the future of the metro, and I'm looking forward to seeing that direction being laid out in the future.

[44] **Mohammad Asghar:** Also, how will the local transport plan support the delivery of the metro?

[45] **Mr Bale:** I think the local transport plans—. Obviously, we've had ours approved recently. We are already working on a regional level in terms of transport and planning. Our officials regularly discuss issues with neighbouring authorities, and that's got to happen now. As we discussed earlier, the pressure on local authority budgets is immense and, if we want to continue to deliver some of those services, we have to look at them at a different footprint across the region. There is an issue about resilience. We need to make sure that we are pooling and prioritising those resources, so I think that's very important, particularly in areas

like transport, but also, if you look at Cardiff's growth over the next 15 or so years, it is one of the highest levels of growth of any city anywhere in the United Kingdom, and how we manage that growth will absolutely impact our vision, or our ability to deliver our vision, around liveability and quality of life. I also don't want to find a situation where Cardiff as the capital city grows and its hinterland—the south Wales valleys areas—do not share in those benefits and that growth. So, it's critically important that we bind the wider region together, as we develop as a region, and we lift our economy regionally going forward.

[46] **Mohammad Asghar:** What was the reason why Cardiff and four other south-east Wales local authorities produced individual local transport plans rather than one collaborative plan to save a lot of money, and what are the implications of this for both city region development and delivery of the metro?

[47] **Mr Bale:** The guidelines for the production of those plans are obviously set by the Welsh Government, but, as I said earlier, those discussions are ongoing between officials across councils in south-east Wales. They do work together very closely on transport. As we see the development of that city region agenda and transformational projects like the metro go forward, I think you're only going to see that closer working together in terms of the production of strategic transport policies and frameworks accelerate.

[48] **Mohammad Asghar:** Another thing is that we just heard from you that Cardiff has been one of the most growing cities in the United Kingdom, and I think it's also in Europe. The thing is that we are not connected properly—even Cardiff airport. Our economy is definitely not getting benefit out of it—your transport infrastructure is not up to the standard, which is the normal city-to-the-country needs. On the role of the Welsh Government's not-for-dividend transport company in the development of the metro, what do you think about that also?

[49] **Mr Bale:** I think it's a welcome initiative that the Welsh Government are looking to introduce. It brings an ability to have a strategic focus on a Wales basis and on a regional basis going forward. What I would say is that, if you look at the metro project in isolation, it is a huge undertaking. It's very complex. It will need its own delivery vehicle to deliver that. We need to make sure that it's properly skilled and that we've got the right people and resource behind that project. It's a significant investment that will be made by Wales in its infrastructure, and I think that delivery arrangements around that, going forward, will be key to its long-term success.

[50] It is also, as I said earlier, not just about ensuring that connectivity improves between strategic assets in the region, but also more broadly. I think I read at the weekend that there was a proposal now to have direct services running—I think they've already started, actually—between London and Marseille on Eurostar, for example. By 2017, London will be having direct services through to Amsterdam. There was, in the past, a proposal for regional Eurostar services in the UK, and even sleeper services from south Wales to connect into that. So, whilst we are also seeing discussions around electrification and investment in upgrading the infrastructure itself, we also need to look at how we connect our region better to services that connect into Europe, because that agenda is changing very, very quickly. In the past, it may have been driven by the low-cost flights explosion that we've seen across Europe, but now, increasingly with changes that are taking place in terms of security at airports and other issues, it is something where we need to make sure, as a country, that we're lobbying and making that point. That, again, is where local authorities, working in partnership with Welsh Government, Assembly Members and others, can ensure that we make those points strongly to the UK Government.

[51] **Mohammad Asghar:** This is my final point, Chair. When you talk about this not-for-dividend transport company, you're actually putting one foot behind further private investing

companies into this transport infrastructure, which would delay all this delivery for this transport metro system in Wales. So, what do you think about that—how to attract this private investor to put money into it when there's no dividend involved with it?

[52] **Mr Bale:** I think the vehicle will obviously be important, but also negotiations around the city deal, for example, do offer the potential to leverage in private sector funding and also private sector knowledge and skills to generate extra jobs for the region. So, as those discussions evolve in the future, I think that will also provide a very real opportunity, alongside European funding and other mechanisms, to make sure that we get sufficient capital into a regional transport network to deliver the kind of infrastructure that we all want to see.

[53] **William Graham:** Rhun and then Eluned.

[54] **Rhun ap Iorwerth:** Just briefly, how frustrated are you about the pace of progress on the metro? Because it is a little bit like the city region idea in general—you know, there's something that people support and want to see happening, but we've still got no idea what this metro would look like, even though it's been on the agenda for some time now. We're starting, perhaps, to get an idea of where the money might come from to pay for it, but we know very little about it. Does that frustrate you?

10:00

[55] **Mr Bale:** I think it's important that we do have a clear delivery timetable now to take this project forward. The announcement that I expect from Welsh Government before the summer will help that, and, obviously, you've got an opportunity to ask the Minister, I believe after this session, in terms of progress and her own view on that. Going forward, it is absolutely vital that we invest in that infrastructure, that we have a system that allows us as well to link the work that's going on with strategic planning, for example, so that when the city grows and develops and land-use patterns potentially change in Cardiff, that we're able to access or reallocate some traditional manufacturing jobs, for example, in the city and more strategically in the wider region, and that there is a two-way flow of traffic, from movement of people between both Cardiff and the wider region.

[56] I think what hasn't helped is the complicated devolution settlement that we have. Obviously, Welsh Government are dealing with Network Rail and other partners, and I can see how that is a frustration, but we absolutely have to make sure that the arrangements are in place so that, where we need to remove barriers to success, we do that and do that quickly.

[57] **Rhun ap Iorwerth:** But, I'm talking about something a little bit more basic than that, really. You talked about delivery timetables, but we don't know what we're trying to deliver. We can't envisage, really, what this thing is. We can wait until patterns develop of population changes around Cardiff and try to plan for where industry will develop, but, at some point, you've got to make a call—what this is going to look like—and then put a delivery mechanism in place. We're not there yet, even at that basic stage. Even something like electrification takes time; it's been a laborious process, and we know exactly what we're trying to do—put the cables above a railway line.

[58] **Mr Bale:** Well, I'm sure you'll hear from the Minister in terms of the delivery timetable that Welsh Government have for this. As I said at the start, the city council and, I think, the wider region will absolutely come behind this project. We recognise the importance of it and we remain committed to supporting the delivery of it, going forward.

[59] **Rhun ap Iorwerth:** Okay.

[60] **William Graham:** Eluned.

[61] **Eluned Parrott:** You seem to be talking about the metro delivery body as being an independent entity but, in other places, clearly, transport has been a major driver for economic development and, clearly, you would think that there would be a role for the city region in designing, defining and taking forward the metro. Is that not going to be the case? Is this not something that is appropriately a job of the city region? If not, what is the relationship going to be between these two entities, because, clearly, there is really not much point in developing a metro system for an economic development plan that doesn't match it.

[62] **Mr Bale:** Well, these are probably questions for Welsh Government as opposed to me. As I said earlier, though, I do think it's incredibly important that local authorities are able to have a stake in this project. It's something on which we have the ability to help in terms of delivery capability, but also with many of the other vision aspects within the document that Roger Lewis launched in February, and also in terms of our city vision. These are areas of policy development that can be enabled and supported through the capacity that exists in councils, and that is increasingly being pooled and resourced on a regional level to support those bigger job-creation opportunities and growth opportunities that exist on a regional level.

[63] **Eluned Parrott:** If you say that it's important for local authorities to have a stake, are you telling me that you don't?

[64] **Mr Bale:** I'm not prejudging what the Minister is going to be saying in terms of her announcement, but, going forward, we need to be very clear what the role is and what the involvement is of local government in any future delivery vehicle.

[65] **William Graham:** Could we go on now, please, to city deal? Could you tell us a little bit about that, about your understanding and where you are now with the Treasury?

[66] **Mr Bale:** It probably would be helpful for the committee if I went through the timeline in terms of where we have come from and where we are going to, and this is in a pretty short period of time, actually. Over the last eight to 10 months, we started negotiations. I would say that, in June or July, I asked officials in the council to see whether we could join the Core Cities network, which is something that I think is incredibly important to raise Cardiff's profile on a UK level. We did that in September, at around the same time that Glasgow joined, so the timing was very good indeed. What we weren't aware of at that time, because UK Government certainly didn't contact us about it, was that they were in discussions with Glasgow as well around a city deal for Glasgow and the wider region, and that has brought £1.13 billion of investment into Glasgow over a number of years, including a £500 million contribution from UK Government. So, we went up to Glasgow; we met the leader and the chief executive up there to discuss how they were able to leverage that investment and those opportunities. What was very clear from those discussions was that Scottish Government weren't involved at all—I think it got caught up in the independence referendum in Scotland—and they announced their contribution once the negotiations had been concluded with the UK Government.

[67] That's very different in this instance. We've started negotiations with Welsh Government at the outset. We've got a clear Minister—Jane Hutt—as the lead in terms of our city deal negotiations. I'm meeting regularly with her and officials to brief them on discussions that we're having. And then we're also working very closely with our neighbouring authorities. So, I think it's been a real boost to the wider city region agenda by actually entering this process. We have gone around—both myself and the chief executive—to meet local authorities across the region to see whether they would be interested in putting together a business case to the UK Government for a city deal. The response has been positive. So, at the moment, we're waiting to see which local authorities will opt to participate in the development of that business case. We have set a figure of £0.5 million in terms of a

fund to support the development of that case, and each local authority would then contribute on a pro rata basis based on population into that fund. I understand—Paul might have a more up-to-date position on this, but several authorities are now in the process over the next couple of weeks of taking reports to their own individual cabinets to sign-off participation in that. So, we might see some press coverage of that going forward. And I think when we come back after that business case has been put together, we will get a much better understanding then in terms of which local authorities want to actually proceed.

[68] It is about risk-sharing—there are risks attached to entering negotiations over a city deal—but there are also costs for not taking part, and we've just talked about some of those big inward investment decisions that are taking place on a UK level. Many of the other city regions of England and Scotland are actually also now entering negotiations with the UK Government about similar city deals—I think Edinburgh, Inverness and some other Scottish cities, for example; there is interest in Northern Ireland. So, it's absolutely right that we're exploring this as an opportunity, and more so in the context of the pressure that we're facing on our budgets as local authorities. The Assembly or Welsh Government are in exactly the same position as us in terms of capital. We are seeing huge pressure on our capital budgets, and we need to look at new ways of attracting investment into our infrastructure to support that development, growth and job creation that we all want to see in this region going forward.

[69] I don't know, Paul, if you wanted to add anything further in terms of where we are in terms of the city deal negotiations.

[70] **Mr Orders:** Yes. I think a point worth making is that there's no blueprint for a city deal; each of the city deals that have been negotiated to date are quite specific to individual sets of negotiations. So, no set cost, no set model. So, some authorities, particularly in those city deals—the smaller city deals, some of those deals require no significant contribution from local authorities. The larger deals, though—Manchester, Glasgow and Leeds—those are of a quite different magnitude of scale in terms of investment. And the basic model is around the establishment of an infrastructure fund, targeted investment that leads to an uplift in GVA. And the way in which Treasury assesses it is very much on the basis of those projects that will deliver the greatest uplift in terms of GVA. So, the methodology is very much geared towards the economic impact of the proposals.

[71] In terms of the larger city deals, there is a level of cost that is then supported by individual local authorities. The levels of those costs vary, depending on the term of the city deal, and the scale of the projects that are in play.

[72] So, in terms of the regional position here—the leader pointed out—I think most authorities in June/July will have taken a decision on whether to participate in negotiations around city deal. There are ongoing discussions with Cabinet Office officials around the negotiations, but, once we've got a clear understanding of what the economic geography of a city deal is, i.e. we know who's going to participate, then, clearly, we'll get into the detail of the negotiation process. I think an important point is not to prejudge the project mix prior to going into the city deal. We've got a broad sense of where local authorities wish to put some emphasis, but, in terms of the specific project mix, we haven't got into that stage yet.

[73] **Mr Bale:** And each sort of city deal has either focused on housing, or some priorities have been around the skills agenda, so I think that's really important, as we go through this process, that we get a city deal that absolutely responds to some of those weaknesses, those areas of interest and opportunity, that exist within the region, through the city deal process. And I should add that we're hoping to get to a position where we submit a business case towards the latter half of this year. So, it's quite a tight timescale, really, in terms of us getting to that position.

[74] **William Graham:** And, from what we understand, it's a slightly different Treasury model, in that it'll be, as you outlined, really payment by results, won't it? The more you demonstrate the GVA increases, the tax release increases, the more the prospect of future finance.

[75] **Mr Orders:** Yes, certainly in terms of the larger deals, they have been based on a payments-for-results mechanism, based on what are termed 'gateway reviews', after a period of time. So, typically, after five years, you have an independent assessment of how the projects have been delivered, the economic impacts of the projects, and then that unlocks a further round of funding.

[76] **William Graham:** Right. We're coming towards the end of our session, but I think we've got a number of questions, if I can extend it. So, Rhun and then Keith.

[77] **Rhun ap Iorwerth:** Just briefly, and it adds to a question raised earlier by Keith Davies, won't having different geographic boundaries for the city deal region and the capital city region throw up huge complexities?

[78] **Mr Bale:** I think that's why it's really important that we don't have separate arrangements, that we bring these two together. I think there's wide agreement that we absolutely want to see the city deal delivered on the same footprint as the Cardiff capital region. Now, in Glasgow, when the discussions commenced there, one local authority opted out of the city deal negotiations. So, my understanding now is that, subsequently, they're trying to negotiate their way back into that city deal arrangement. Now, they won't necessarily get the same terms—they won't have been able to have established the criteria and develop the process that led to submission of the bid. But it does also highlight that there is some flexibility, if some authorities within our own region opted, for whatever reason, not to take part now—that we could engage and involve them in the future.

[79] **Rhun ap Iorwerth:** So, the limitations of city deal lay out the limitations for the city region?

[80] **Mr Bale:** What I'm saying is that it's really important that the footprint is as much as possible aligned, and that the decision-making process and engagement and involvement of both these initiatives are done together, because the funding that will flow from a city deal will often—or will potentially—be going into projects, whether that's transport or others, that are absolutely central to a wider city region agenda. And, if we're accountable to UK Government, for example, at those gateway reviews that Paul mentioned earlier, we're also going to have to be able to evidence—and Glasgow have done this, in terms of their bid—how the local authorities are able to influence the delivery of those projects should there be some issues in the future, for example. UK Government would want to see that reassurance that the linkage between the democratic accountability for the funding that has been awarded to a city deal and the delivery of the projects—the infrastructure projects—through an infrastructure fund that is established in south-east Wales is there, is clear, and can actually work in practice.

[81] **William Graham:** Okay. Keith.

[82] **Keith Davies:** As colleagues said earlier, we went to Manchester, and Transport for Greater Manchester. But, looking at the paper that KPMG have produced for you, and looking at the infrastructure, I mean, it's Leeds, Manchester—. They put it into their transport, and, because of that, on our visit to Manchester, we could see the economic development as a result of the transport. So, wouldn't this be a way of funding the metro and getting central Government to be funding the metro through this infrastructure deal?

10:15

[83] **Mr Bale:** It's certainly one mechanism that could be used to support funding. I think it might be worth even the committee getting evidence from KPMG in the future, if you were interested in hearing from them, because they've got experience of working on these deals across the UK. What is different about this process is that there is an independent assessment of the value of uplift of each project that goes through in terms of the GVA uplift and you get to a position then, where once you've done that and you've got your list of projects—and transport usually scores quite highly in the process, because it does have a big impact in terms of jobs growth and uplift in the economy—. Once you've gone through that, it really is a case of negotiation to make sure that, as you work through that list of projects, every partner within that region benefits or takes something from the city deal, because you don't want a situation where some of those partners have invested in this but aren't actually seeing the benefits in terms of jobs growth in their local areas as well. So, as I say, that's part of the negotiations that will be critical to the successful conclusion of any city deal going forward over the rest of this year.

[84] **William Graham:** Ann, were there any particular questions on Great Western cities?

[85] **Ann Jones:** On the Great Western Cities initiative, yes, thank you: how do you see the city regions will need to work with the Great Western Cities initiative, namely Cardiff, Newport and Bristol? How are you going to see that working?

[86] **Mr Bale:** There's been a great amount of interest, actually, not just within south Wales, in terms of Great Western Cities, but we've had coverage in national press and I think that highlights the importance of us talking much more to a wider audience about some of the fantastic skills that we have within our region: the fantastic employers and the university sector, et cetera, and what that collective offer can deliver and look like for inward investors in particular. We released a statement of intent, which I think Assembly Members should have had a copy of, which covered connectivity and which covered the energy potential of the Severn, but also potential joint marketing initiatives. What I think is important and is really helping Great Western Cities is that we've been able to bring in Newport as well, which is an area that has benefitted and is benefitting from the profile of working alongside Bristol. It's just recently joined the Key Cities network. Cardiff, obviously, has joined the Core Cities network—the next tier of major cities in the UK—and Newport is engaging that. I know that the chief executive in Newport has previously worked in Bristol and understands a great deal about the city deal negotiations and city regional issues. Again, bringing that experience into a programme for the Great Western Cities will be important, going forward.

[87] **Ann Jones:** Do you see any potential conflict or competition arising between you and Newport or even between you and Newport versus Bristol and Bath?

[88] **Mr Bale:** I think there will always be—. We're still competing as cities, but there is also a bigger picture here, and there are clear benefits, particularly when you see the attention and the interest in the northern cities and the Northern Powerhouse and also the focus on lobbying to improve connectivity between those city regions in the north; we absolutely have to make sure that connectivity between ourselves and Newport, Bristol and Swansea, and other parts of south Wales, is kept on the agenda on the UK level, because they will have implications in terms of our competitiveness as an economy, going forward. I think that Great Western Cities gives us that platform to work together on some of those key strategic areas of interest to do that.

[89] **Ann Jones:** Keith mentioned that, when the committee went to Manchester, they saw a benefit in linking Manchester and Leeds with economic development. Can we see that

between Newport and Cardiff? Can we see it between Cardiff and the Valleys? Do we see it? I'm not sure we're seeing that. So, all these initiatives just seem to be another way of just mentioning something else: you mentioned Core Cities, there's city regions, there's the city deal, there's the Great Western Cities initiative. To the ordinary rate payer and the ordinary person in the area, what does all of this mean?

[90] **Mr Bale:** At the end of the day, it means an increased profile for Cardiff and the wider region. It means increased capacity, knowledge—

[91] **Ann Jones:** But is increased profile enough?

[92] **Mr Bale:** It's not just increased profile; it's also working alongside other major cities and centres across the UK that have done some of the things that we are seeking to do and to build on the learning from that. So, we've benefited greatly from the relationship that we have with those Core Cities. I'm a member of the cabinet of those Core Cities, with a particular focus on culture across the UK—each Core City leader takes a portfolio interest—and we've benefited, I think, from the learning of the relationships that those core cities have established with the UK Government over a long period of time. So, the Core Cities were established in 1995; they've been able to develop very good working relationships with UK Governments. Obviously, Cardiff has developed a very good working relationship with Welsh Governments, but there are also issues with the devolution settlement that fall outside of Welsh Government. It's also important that, when those interests and issues arise, we're in a position to influence those as well, because, as we said earlier, Cardiff and the wider region is such an important part of the Welsh economy.

[93] **William Graham:** Keith, very quickly.

[94] **Keith Davies:** Just a quick one, really, because you did mention it earlier. HS2 has been approved this week, I think, by Government, and then you've mentioned, and I read somewhere this week, about HS3, and the fact that you've got Bristol and Bath and Newport and Cardiff together is a good way forward to try to get a HS3 coming west. So, where are we on that?

[95] **Mr Bale:** I think this absolutely highlights the importance of engaging with the UK Government on major national infrastructure projects going forward. We do have the benefit of electrification coming to south Wales that will result in an improvement in journey times, but HS2 will see the halving of journey times to Manchester, at just over two hours to an hour. There will be similar improvements for cities along that route from Birmingham to further north. So, we have to have an eye, not just to the next five, 10, 15 years, but the next 30, 40 or 50 years going forward. How we pool some of the strategic assets that we have, not just in south Wales, but across the wider western part of Britain, will be really important to the success of that economic strategy for not just south Wales, but the whole of the Welsh economy.

[96] **William Graham:** On that optimistic note, thank you very much for your evidence today. We are most grateful for your attendance. Committee will be in recess for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:22 ac 10:32.
The meeting adjourned between 10:22 and 10:32.*

Dinas-ranbarthau City Regions

[97] **William Graham:** May I welcome the Minister, Edwina Hart, Professor Kevin

Morgan, Steve Phillips and James Price, the director general, to the next session? Minister, I think you had a few opening remarks.

[98] **The Minister for Economy, Science and Transport (Edwina Hart):** Yes, if I may; thank you very much, Chair. A question was raised about the London underground rolling stock and the business Minister responded briefly yesterday. I have to make it clear, for the purpose of the record, that any rolling stock used on the next Wales and borders franchise and metro should be of the highest quality. Rolling stock options have been fully considered in the planning work that is currently being undertaken by the Valleys lines modernisation and the wider refranchising programme, and we are not aware of the details of any discussions Arriva may be having with any rolling stock providers regarding the current franchise.

[99] **William Graham:** Thank you for that clarification, Minister. Keith, the first question.

[100] **Keith Davies:** Thank you, Chairman. Good morning, Minister. There's a feeling that the pace of delivery is pretty slow. Professor Gillian Bristow actually said that there's a growing degree of frustration at this pace. Do you agree with that?

[101] **Edwina Hart:** I'm not aware of anything that Professor Gillian Bristow has said on these matters. Can I say that I assume we're talking about the city regions in terms of the slowness of pace?

[102] **Keith Davies:** Oh, indeed.

[103] **Edwina Hart:** The boards were only established in autumn 2013. I believe that they've made excellent progress. They've got ambitious visions for development. They're now looking at some very major projects and there have been some very early results, I think in Swansea, in terms of the BT ultrafast broadband test bed, which has been broadly welcomed, and also, in terms of Swansea, we've had the innovation summit, which I was happy to attend.

[104] In terms of pace, this is a long-term agenda, as we've made absolutely clear. There's always a lot of talk about regions such as Manchester, but we have to look at the different local government arrangements that existed particularly in that region and how solid they were in terms of their consolidation over a number of years, particularly on transport. And that's taken decades. Of course, if we're perfectly honest, it's not necessarily that easy achieving a consensus to get the same goals in terms of what we want in terms of the city regions. But, if I may, could I ask Steve to comment perhaps on the issues around the Swansea city region and Professor Morgan on the Cardiff position?

[105] **Mr Phillips:** Thank you, Chair; thank you, Minister. I concur with what the Minister's just said. Realistically, we were never in the business of turning the economy of south-west Wales on its head in 12 months or so, but I think we have made some significant progress. The Minister mentioned the recent announcements of the ultrafast broadband project with BT and Alcatel-Lucent. Sir Terry Matthews, our chair, is very, very clear that the next stage in that particular exercise will be to make maximum use of exploiting the test beds to ensure that we get start-ups. We link in with the university, the exciting new campus on Fabian Way, the Trinity St David development in SA1, and others, to make maximum use of it. Further west, there are other developments that we've been looking at as a board. We're very excited about the prospects for the Swansea bay tidal lagoon, obviously, where an announcement is probably imminent. I could go on, but we've done, as a board, a full analysis of where we think the strengths and weaknesses of the region are. Sir Terry and the board are very focused on addressing those and making the most of the opportunities that come our way. I haven't read Professor Bristow's analysis myself, but there's no frustration in Swansea

bay at the level of progress. It's an exciting agenda and we're getting on with it.

[106] **William Graham:** The microphone will come on automatically.

[107] **Professor Morgan:** Okay. With respect to the Cardiff capital region, I would say that we are where we are. If people are frustrated about it, that's because they're making comparisons in the UK with regard to pace-setters, like Manchester. You have to remember that when you're in Manchester, they then benchmark themselves against places like Stuttgart. Stuttgart is 20 years old with its city region. So, it depends where you are and who you benchmark yourselves against.

[108] I would echo what Steve has said: in terms of Cardiff we've made some decent progress since we were set up, we've identified the key priorities for the city region, and we may come onto these later. Some of you may know that we've identified our key priorities with respect to connectivity—that is to say transport and digital connectivity; with respect to a major skills upgrade; and then, thirdly, with respect to innovation and growth. At the heart of the innovation and growth strategy, one of the examples is the Cardiff University innovation system, which we may talk about later. So, those are some of the big priorities.

[109] In terms of projects I would say that the metro is probably in a class of its own, but there are important projects in each of those three priority areas. I'd be happy to talk in more detail about some of those later if you wish.

[110] **William Graham:** Thank you very much. Eluned.

[111] **Eluned Parrott:** Thank you. Just a quick point, following that up. Who are we benchmarking ourselves against in our city regions?

[112] **Professor Morgan:** With respect to Cardiff?

[113] **Eluned Parrott:** Cardiff and Swansea. Who are we benchmarking ourselves against?

[114] **Professor Morgan:** Well, I can't speak for Swansea because I'm not a member of that board. In our discussions, in Cardiff, we are very, very much aware of the UK progress. The Minister launched a fact-finding mission. In fact, one of the very first things we ever did in Cardiff was to take a fact-finding mission to Stuttgart. It is, after all, Cardiff's twin city.

[115] **Eluned Parrott:** Indeed.

[116] **Professor Morgan:** It's always good to see how others do things. I think the whole team were overawed by what we found in Stuttgart. We learned many lessons, and one of the most important lessons of all: if you look at the Stuttgart city region agency budget, over 95 per cent of the entire budget in the Stuttgart region is devoted to public transport—basically, the S-Bahn system, which is more than a transport system. As you may know, it's a whole planning system where you don't get planning permission for commercial or residential development unless you've got good access to an S-Bahn station node. So, yes, there are different ways of benchmarking. In Cardiff, being realistic, we're aware of European good practice, but realistically, as the Minister said, we started somewhat late in Wales. But we've started and we tend to look at the English Core Cities. They vary, as you know, between the progressive ones, like Manchester, and then there's the failed city regions in England, which we don't hear too much about. We should be aware of those as well as the Manchesters.

[117] **Eluned Parrott:** I don't suppose you're going to name one of those for us, are you?

[118] **Professor Morgan:** Well, we could talk about Birmingham and Bristol and why they

are seen, in English terms, as the laggards rather than the leaders. But anyway, that maybe another question.

[119] **William Graham:** For another time. Steve.

[120] **Mr Phillips:** Yes; it's a similar story in Swansea, really. I think it's important to underline that no two city regions are the same. Cardiff's not the same as Swansea, and neither of them are the same as Manchester. We have looked at some of the examples that Kevin just quoted. There are some quite interesting examples, or read-across at least, for Swansea bay in the context of places like Bilbao, which have a similar post-industrial landscape and similar demographics and challenges—but we're not Bilbao either. So, I think what we've been seeking to do is to benchmark ourselves against our own agenda to start with, and then to look at how we can add the value as a board around individual projects. We produced, as you're probably aware, a strategy at the outset, which sets out where we are now and where we want to get to, and the board is working to that agenda. So, that, I would say, is the primary benchmark at the moment, but we're keen to learn lessons, good, bad or indifferent, from elsewhere, the same as Cardiff.

[121] **Eluned Parrott:** Thank you. I want to ask some questions about the city region boards themselves—their role and their future. Minister, in your paper, you've talked about extending the appointment period, because clearly I believe the original intention was that the boards would finish their work at the end of this month. Can you tell us how long you are intending to extend those boards for? What completed output is it that you are waiting for before you will consider the role of the city region boards finished?

[122] **Edwina Hart:** I didn't make the decision in isolation in an ivory tower in Cathays; I actually had a request from the city region boards to look at an extension of their terms, because there's certain work that they wish to complete. They're completing their next steps in the Cardiff city region board about where they feel the direction of travel is, because they've got important work, all of them, on work streams, marketing, innovation, connectivity and skills that they want to complete. Their current role is advisory, as you're aware, and we think this is correct in the initial stage. The advice of all the boards in framing policy is important, and they're both currently going to get Cardiff's advice to me by the end of June, and Swansea is to carry on and give advice further in, because they do have clear terms of reference, even though they are task and finish groups, as it were. I think that they felt that they had more work to do in these initial stages before we proceeded to any change in some of the areas. Of course, there will always be an issue that will arise: people always talk to me about governance. It's quite interesting. Sir Terry's approach in Swansea is 'Let's get on with these projects, let's get the outcomes sorted out, and everything else will then all fall into line'. Even though I think Roger was much keener originally, on having some sort of base that was a bit different about how they were structured, I think the ongoing dialogue in Cardiff city region hasn't finalised any comments on that, but both the sector board members could help on that.

[123] **Mr Phillips:** I think I would say that if you're looking at governance models, the perfect model doesn't exist. Why do I say that? Well, if you look at the agenda that the Swansea bay city region is pursuing, the decision makers are at a number of levels depending on the project you're talking about. So, it's local authorities, it's the Welsh Government, it's the UK Government, it's the European Commission and third parties, for example the Welsh European Funding Office. So, the idea or the notion, if that is what is implied, that you can set up some sort of all-singing and dancing governance model that will enable you to have the full suite of tools in the box, so to speak, I think is a false premise. I think what you need to do is to pursue the opportunities as they arise—and this is very much, as the Minister said, what Sir Terry is focused on—and then talk to the relevant levels of Government to make those things happen to the best of our ability, and that's what we're doing. I mentioned some

of the projects earlier. Also it's about not just engagement with the various levels of Government but about engagement with universities, engagement with the private sector and engagement with third parties, as well. So, governance models, no doubt, will be looked at in the context of city regions and other policy developments, but the Minister's correct: Sir Terry is very focused on the job in hand, and so is the rest of the board. We're not really spending any time talking about governance, frankly.

10:45

[124] **Professor Morgan:** I'd echo that as well, in the sense that discussions on the Cardiff capital region board have really been about trying to establish what are the unique particular needs. Context is all with these debates, and even in the models that we've seen so far, they differ. Sometimes, people say, 'Well, why don't you adopt the Manchester model?' but, as the Minister said, the Manchester model builds. It was an overnight success that took 10 years to build. They had a lot of trust-building activities going on between local authorities there, and the impetus came—it was a very bottom-up impetus—from below. In Wales, we have Welsh Government as a major partner, and with the model that we have before us in Cardiff, we were very concerned that it should not just be a local government model. We have to harness the energies of the private sector and we have to harness the energies of the education sector. Somehow, we need to act in concert with these, and a Manchester model wouldn't just fit what we have in Wales. That's the reality of it.

[125] **Eluned Parrott:** Thank you. An interesting answer. I didn't actually ask about governance, unusually for me; I asked about finished outputs and what specific pieces of work the boards were working on at the moment that needed to be completed. Looking at that next step, you talked about the role of local authorities and how important that is. We've just heard from the leader of Cardiff city council, who told us that it was important that local authorities have a stake, and he seemed to be frustrated that he doesn't have a very strong stake in the city region. In Cardiff, of course, you've got two added layers of complication: you've got the delivery of the metro, which could potentially be something delivered by a future city region; and you've got the layer of the city deal, which is being negotiated with the UK Treasury as well, and the governance structures that need to be established around there. So, you've got three levels of complication around this city region, and we don't even know whether the footprints for these areas are going to be the same. We need to be thinking about how those different layers are going to work. So, what is the role of the city region board in Cardiff, for example, in terms of developing the metro and developing the city deal?

[126] **Edwina Hart:** On the metro, I assume we'll go on to a detailed discussion on the metro later, will we, Chair, in terms of scrutiny? In terms of the metro, the metro project is there. We've done a considerable amount of work. We're coming to the endgame in terms of where we want to go and what we're going to prioritise within it. The metro exists as a form and as a body that will deliver over the course of many years. Obviously, the role is quite clear because I was with local authority leaders on Monday, and the leader of Cardiff attended, I believe, the metro presentation part but not the further meeting. I was discussing with south-east Wales leaders, who are actually quite happy about the progress in terms of the developments of the metro, and their understanding is quite clear that they will have a role and function when the metro plans are developed to look at land, planning and then, of course, there is the very good point that I think you were making, Kevin, about Stuttgart. If they are looking for enlarged housing estates in areas, they will have to put in stations et cetera that will fit into the project with the metro. So, they're quite clear, the majority of south-east Wales leaders, about the policy development in this area. I look particularly at Monmouthshire, which will be the last link in any possible metro train, and they have a good understanding of what's going on.

[127] You then mentioned the city deal. The city deal is not yet clear, and it is actually the

responsibility of my colleague, Jane Hutt, to have the discussions, obviously with Treasury on this. We'll have to see what emerges from those discussions with Treasury in terms of how it will work and what it will do. Of course, we're all very much aware of the Scottish experience. Glasgow went down to London, got a deal, then came back cap in hand to ask the Scottish Government for money so that the deal could be done. Well, of course, we could be talking about asking perhaps the Welsh Government for something like £500 million. Now, that would have to be a very strategic discussion in terms of the fact that we're a Government that governs the whole of Wales, rather than just a part of Wales, and is the city deal about the city or will it be about the wider area? Now, the leader of Cardiff assures me that it would be about the wider area, and I don't doubt that at all, but that will require buy-in then from the individual local authorities in that area. We haven't even got buy-in, if I'm correct, in Manchester from all the local authorities in Manchester. There's not always total buy-in everywhere. So, I think that that's an issue that we have to park until we know the details. In terms of the metro, we're quite clear about the discussions we've had, and leaders are quite clear after the presentation they had about it. I obviously didn't have the opportunity of looking at Councillor Bale's evidence to you, though I did have a meeting with him yesterday, and we fully understand the position between ourselves and Cardiff city council.

[128] **Eluned Parrott:** Thank you. I'm wondering then, looking to that next stage, the boards as they're currently constituted clearly have representations from lots of different areas, which are important to the development of the city region. What role do you see beyond this initial task and finish stage? What role do you see the current boards having in the future delivery of the city deals on the ground? Clearly, you're going to need that buy-in, but perhaps you might need more involvement from the local authorities as well.

[129] **Edwina Hart:** Are you referring to the city deal or the city region?

[130] **Eluned Parrott:** The city regions. My apologies.

[131] **Edwina Hart:** If we can look at city regions, I am very much being guided, actually, by the boards in the city region. You don't set up task and finish groups of the calibre that I've set up, in terms of Sir Terry Matthews and Roger Lewis, to actually decide that I'm doing it. We see this very much as us putting it out to people who know and understand. The business community is actively involved, and they sometimes have very different views about structures and how to take things forward, because they want to do something, sometimes, more speedily than we're perceived to be doing it in Government. I think I've got to recognise that, but I am awaiting the conclusions that are coming forward. In terms of how they will operate, and there are obviously issues around that, I don't want any additional layers of bureaucracy in this system. I think that would be mad. It's all about working correctly together.

[132] I think, in terms of powers, local authorities have sufficient powers in relation to economic development and regeneration planning currently. We have significant powers as well, and it's about the way we align these powers and construct a way forward. As far as I'm concerned, that is about building trust, and I wouldn't want to under or over—. The issue of trust is fundamental in these discussions that are taking place, where I think we have a very good trust base emerging in terms of discussions, and I don't think Steve or Kevin would demur on that. I think that various things like governance, and what they're going to do, will evolve over time, and we need to be flexible and pragmatic, I think, in our approach. So, the city regions will advise me, I think, about what steps, and at what pace, we should go forward with, but I'm going to take advice on this, because I think that's quite important. You don't say to some of these people who are giving up their time free of charge to do this, 'I want you to come to this conclusion', because I don't necessarily want them to. I want them to do what's best in terms of their partnerships within their different regions. I don't know whether you two want to comment.

[133] **Mr Phillips:** Yes, just to say, clearly, there is no metro project in the Swansea bay city region, but the issue of the interface between the board and the local authorities is a complete non-issue in our part of the world. We have a vice-chair, Councillor Gravell from Carmarthenshire. The four leaders of Pembrokeshire, Carmarthenshire, Swansea and Neath Port Talbot attend board meetings, as the Minister was describing, and we've slotted the officer structure—I won't bore you with the details—in behind the city region. My day job is chief executive of a local authority, as well as being secretary to the board. We have a good working relationship, and we have had for years. In the context of structural funds, for example, Carmarthenshire leads on one aspect, Neath Port Talbot on another, Swansea on a third, and Pembrokeshire on a fourth. That's how we've always worked. I suppose it's less complicated in our part of the world simply because there are only four of us, and there are 10 in south-east Wales, but that's where we are. It's not a problem, it's not an issue, and again, we don't spend any time talking about it.

[134] **Professor Morgan:** It's an open secret that it's not as seamless as that in south-east Wales. We've got four seats on the board for local government leaders and we've got 10 local government leaders. So, you know, do the math and you can see the political problem there. We've managed it, and we've worked hard at trying to involve all 10 authorities via the four leaders, but it's not been easy, and that's well known.

[135] In terms of where we go forward, the board has done its phase 1 report, as it were, 'Powering the Welsh Economy', which we might talk about later, and its phase 2 report will be the recommendations to the Minister about how to constitute the arrangements looking ahead. I couldn't possibly pre-empt that discussion because we're still in the process of it, but we'll be sending those recommendations to the Minister when they're ready.

[136] **Edwina Hart:** Can I also say that you've done a lot of work with local government because there are only four, in terms of the regular meetings Roger Lewis has had with all the leaders so they all feel that they're part and parcel of it? Also, the strands of work have used the strands from authorities whose leaders are not necessarily on the board, to try and get agreement there. But the one thing that does unite them all is actually the metro project.

[137] **William Graham:** Rhun.

[138] **Rhun ap Iorwerth:** You've delved quite deeply into issues of governance that I was going to ask a few questions on already. People listening to you might think, especially in the case of the Swansea region, that you're moving ahead—and are happy to be moving on ahead, and it happens to be working okay—in a rather ad hoc way, and at some point, if this is going to be transformational, and genuinely transformational, the kind of aspiration setting and setting of priorities has to turn into something that becomes a delivery mechanism, and at that stage, you do need a very formalised governance structure. Would you agree with that?

[139] **Edwina Hart:** Yes. I think, in the long term, we will probably have to have a more formalised structure, but I think this will emerge from the discussions that are occurring on the boards. I think you use the illustration of Swansea very well because Swansea is led by Sir Terry Matthews. The four local authority leaders just want to get on and get some action, and I think you can see that from the strategic visions that have emerged from the board. They've already done the branding for Swansea—city of innovation; they've done the branding for the wider region, which everybody can latch onto and deal with. Also, what they've done very successfully there is to create a strong recognisable identity for the region. And I think that they will move on to look at policies and then they will move on to see what structure they may require. And I think the same is in Cardiff, but Cardiff has been very different because they've had the one big project like the metro, which is easy to deal with and it's now a question of getting the underlying projects right. I think it's going to be far more difficult in

terms of how we deal with the structures, possibly, in the Cardiff city region than it would be in Swansea.

[140] I also think, of course, over all of these issues on city regions, there is the elephant in the room, which is, of course, local government reorganisations. Obviously, there will be issues that will emerge from that, and let's not think that leaders don't think about that when they're talking in city regions boards about what impact that will have. We've got to be aware of all the pressures in there, and in terms of the pressures, I think the strategic plans that have been delivered by both have been very good, considering the starting point and the fact that there hadn't been lots of collaboration before, although there had been interest in it between Swansea and Neath Port Talbot within that area, and the way that it is developing.

[141] So, I think it's important that we allow them to concentrate on the areas they've got and then let them give advice about how they see the next stepping stones. It might not be to a full-blown governance structure that we all understand; it might be another interim measure that they are confident with. Can I say, we've actually got to trust people within these regions? You know when you've got people on the board—you've got PricewaterhouseCoopers in Cardiff and others and people like that, and we've had David Stevens from Admiral and all that—they actually know where they want to go in terms of the development from the private sector and I think we've got to keep faith with that, so that we actually have something that is genuinely—. We might have started from a top-down approach, but it then genuinely becomes a bottom-up approach in terms of developing the ideas for their regions. And that's not a perfect place to be because I'd be very keen on a structure that I could say, 'Oh, you've gone out of line there; no, no, no', but I don't think that's—. You know, this is something that just seems to be working well in terms of the fact that they're discussing things. I think, when I have my meetings with leaders, I just get that feel that there's a greater understanding of things now. I might be wrong, mind, Kevin, but I don't think I am.

[142] **Professor Morgan:** I couldn't possibly comment on that. [*Laughter.*] I think this is the way to go. For 50 or 100 years we've been obsessed with public versus private debates and who's doing what. I think, if we look ahead now, in an age of austerity and all the rest, the real challenge, the real trick if you like, is to start melding different funding streams from different levels of Government, whether it's in Wales, the UK, whether it's European Union. I don't just mean structural funds, I mean framework funds and European Investment Bank money. We've been very slow at thinking about how we align these in a judicious way. That's the secret, so tapping the energies of the private sector, as well as the capacity of the public sector, and the third sector, too. This is the way to go, so we need to bear that in mind when we think about how we're going to frame our governance issues.

[143] **Rhun ap Iorwerth:** And I'm sure you're absolutely right that it's all about partnership, but you used, Minister, the key word, I think, that whilst Swansea, perhaps, isn't thinking about governance at all, you're thinking that governance needs to be something that evolves, and I'm sure that is absolutely right. But, do you, Professor Morgan, see what you have now, the board, as being the start of that evolution, if you understand what I'm saying—? So, stage 1, and the next stage, then, is to begin the evolution of governance.

11:00

[144] **Professor Morgan:** The board's recommendations reflect the discussions we've been—[*Inaudible.*]—mechanism that's sustainable and context-specific for south-east Wales going forward. The board has always seen itself as a temporary thing; it will dissolve itself, as it were. I'm very aware that it's been called a talking shop. But, as I say, there's nothing wrong with talking shops if talking shops help to frame issues in a precise way and define a clear action plan, so the direction of travel, as it were, is clear. And that's the challenge that

we're facing right now on the Cardiff capital region. I'm sure it's the same with Steve in Swansea bay.

[145] **Mr Phillips:** Can I give you one example of how we are approaching this sort of issue? If you can picture Fabian Way, basically, you've got a situation where there are the Trinity Saint David development and the developments in Swansea city centre, and Swansea council are effectively marching east towards Neath Port Talbot. We, on our side of the fence, have the new university campus and we're marching west. And, coincidentally, the almost irrelevant local authority boundary happens to be halfway down Fabian Way. Now, it's only relevant in the context that, as two local authorities, we need to start planning the bit in the middle between Swansea city centre and the new university campus, and when it comes to governance and how we're going to do it, we've already got the powers to do it. It's called supplementary planning guidance. So, what we're doing and what Swansea council are doing together are these two pieces of supplementary planning guidance either side of the boundary. The lawyers are looking at whether we can have one piece of guidance across the boundary, but it doesn't really matter. It's either one piece or two halves. But we can do it in a coherent, cohesive manner with the planning powers that we've got and then feed both of those pieces of supplementary planning guidance into our local development plans.

[146] There's a similar sort of exercise going on elsewhere in the region. Carmarthenshire council, for example, are working on Cross Hands and some of the projects further west to do with the enterprise zone at Milford Haven. So, there is a danger, I think, that we can get too fixated by these sorts of issues. We have to use what is available and, if we need more powers or different ways of using existing powers, then we can have that conversation in the boards or with the Minister and her officials and whoever else is involved.

[147] **Rhun ap Iorwerth:** I don't doubt that things can be done on a case-by-case basis, but I'm just still thinking about what the next stage is. You, Professor Morgan, talk about the temporary nature of the boards that you have now. Well, what is the permanent one? We don't know.

[148] **Edwina Hart:** Yes. I think it is very much what they decide to come forward with as they regard the next stage, because I don't want to push models down that might be unhelpful, and that's the clear message I've had from both chairs, I have to say. When I mentioned the word 'governance' to Sir Terry, he just said, 'Can we just get on with the job?' And very much so, and that's what they like, they like that pace. When you think about it, it's quite remarkable that they've had this test bed in. They've had this test bed in because Sir Terry knew BT and knew Alcatel, and, all of a sudden, it's all come to reality. There's a suite in the BT tower now, and it's the first thing like this within the UK because it's focusing on businesses, not just on the personal sector. And this is really quite exciting. When you see them all coming in—once those companies are aligned and then we are looking for innovation to come in, innovation companies, the money will flow from that as well.

[149] I think one of the points that Kevin made is quite strategic. It is about Europe, not just about structural funds. If you look at the success for the university in Swansea of the EIB funding that they've had there and the fact that we've now got people who aren't just talking about structural funds but the access to a huge range of European funds, because there are issues for us about links into Ireland and how we can improve in west Wales our links into Ireland and what funding is available—. The same actually applies up in north Wales as well with Holyhead into Ireland. And it's getting all that work together and having the interested parties.

[150] They feel they're not fettered by anything in the way that it's currently discussed. They don't have to think, 'I've got to report this back. There's going to be scrutiny of this little bit.' They can actually get on with the ideas, and I think that's very important for us,

because I think we've missed out by focusing too much, sometimes, on the way we manage stuff, you know. When WEFO do a good job and the tick boxes are all done, well then you look at what's been achieved. You've got to get that right balance, and I think we are trying to do that with something different with the city regions.

[151] **Rhun ap Iorwerth:** I know, but I'd just make the point—it's not a question, really—when things go right, that's great—just get on with it. But also there's the issue of accountability when things go wrong.

[152] **Edwina Hart:** Yes, there is. But accountability comes through from the fact that they do have budgets. They're accountable to their local authorities in terms of what the local authorities spend. If it's our money, they're accountable to us. If it's WEFO, there's accountability as well. So, there are accountability mechanisms, but not just standard ones. There's accountability all the way through when you spend money, but it might not all be in one group that the accountability sits. It's in different sections. It's not perfect, and this is the issue. It would be nice to have perfection, but at least we're now starting to get delivery.

[153] **William Graham:** Quite. Christine.

[154] **Christine Chapman:** Can I just follow up on some of the points that Kevin's made particularly? I mean, some of us have been here quite long time and we can remember some of the discussions we've had. I've discussed this myself, I know, with Kevin about partnerships and trust, and the different sectors within these dialogues. What is actually going to make the difference this time to make it actually work? I'm hoping that there will be a difference, and that, in five or 10 years' time, we can say, 'Yes; we've done something right. This is going to—'. That's the first thing: what is the sort of key ingredient that is going to make the difference? The other one, which obviously is with Swansea as well, is the trickle-down effect—or not the trickle-down effect—of areas like the Valleys. What about the sort of issues around shared prosperity, because, again, that's one of my concerns?

[155] **Edwina Hart:** It's a big issue.

[156] **Christine Chapman:** You know, it's really important to get that right. So, I just wonder whether you could comment on some of that as well.

[157] **Edwina Hart:** You can comment on that, if you like, Kevin, because you might like to discuss this.

[158] **Professor Morgan:** Two questions. On the first question, 'What is different this time?', I would say the real difference this time, speaking about the Cardiff capital region area, is that we're trying to identify projects that have a transformational effect. In the past I think we haven't exploited our European funds to the best of our ability. Let me just put it like that. This time, we're identifying projects. I would say that, in Cardiff, I can't think of anything more transformational than, (a), the metro, and secondly the Cardiff innovation system built around the new university innovation campus. Of course, Steve has the second campus and the tidal lagoon, and has specific—. These are all compelling projects of an enormous transformational potential. We've got to have the wit and the wherewithal, of course, to realise them, and they'll be realised by aligning our pots of money and aligning our partnerships. That's the secret. I do believe there's a new sensibility in the Cardiff capital region area where we know we've got a shared destiny. We either do it together or we don't do it at all. I've never seen Cardiff and the Valleys authorities begin to align themselves like they are now. So, that's why I think it's different this time—the projects of a transformational capacity allied to a new political sensibility of getting ahead together.

[159] Christine, you raised, I think, the biggest challenge of all for any city region, which is

how you create that sense of shared prosperity. I would say, being honest—and I'm speaking for myself, by the way—the most difficult political task of all in city region building is to signal to the leaders of the municipalities, as it were, that while everyone will benefit, not all will benefit equally. That's being absolutely honest, but it's important to be honest about that because of what geographers call the distance decay effect. The ripple effect of the Cardiff economy gets weaker the further north you get. So, from areas where you and I are from, the ripple effect gets weak. Sometimes it appears almost invisible, and this is why we have to make complementary investments in the Heads of the Valleys, as well as Cardiff, because we don't want the Heads of the Valleys being pure commuter belts. We need to do something; particularly for youth employment, for example, which is the No. 1 problem for me in the Heads of the Valleys. It's youth unemployment and creating employment, training and educational opportunities. I think it's absolutely incumbent on us to be honest at the start that any city region will have benefits for all, but they won't be equally distributed. That's not an easy message for politicians to sell, if we're honest. I don't know what Steve or—

[160] **Mr Phillips:** Yes, I entirely agree. I mean, if I can take my city-region hat off and put on my Neath-Port-Talbot hat for a moment, we have five valleys pretty similar to your part of the world in terms of the deprivation and challenges. The reason why elected members from those wards have bought into this process is that they know that, in our case, some 40 per cent of the active labour market in those valleys works outside the county borough in places like Swansea. The access to the sort of training and educational opportunities that Kevin was talking about is basically on the coast. Now, we have to find a way of, yes, sustaining employment within those communities, but being honest and recognising that we are not going to get hundreds or thousands of jobs into some of these communities through the old traditional models of inward investment, or whatever it was. It isn't going to happen on a sufficient scale for some of these valleys, at least in my part of the world, because there are some real problems with access, public transport and so on. So, I think what we have to do is to sell a message that we're certainly not forgetting about the Valleys communities, but it's a question of bringing prosperity, wealth and income into those communities and, if that means people, to a significant extent, moving to the coastal belt, if I can call it that, for employment, education and training, then I think that's what we have to do. It's not just Neath Port Talbot in terms of the travel-to-work area—in old speak—it's a similar story around areas like Ammanford and the rural areas, which, effectively, form a travel-to-work area around Swansea.

[161] **Edwina Hart:** But, can I say, at the same time as this is going on and this honest discussion is going on, we're trying, in terms of inward investment and companies, to get companies into the Valleys areas, because we're actually quite short of space along the coastal belt now, in terms of sites. It's something I speak to William quite often about, because of his background—this difficulty in getting sites that are marketable. We are having some success now, in terms of the discussions we're having within the Valleys, to get inward investment and companies to go there, providing the skill pool—and there isn't an issue, actually, about the skill pool in some of these places. People tell you that there is an issue about the skill pool, but some of these companies that come in simply take off other companies and they bottom-fill up, so things do work.

[162] So, we've got to counter some of this with other policies strategically from central Government, but I think Kevin's absolutely right about the honesty of this discussion, and the honesty of this discussion has taken place within the city region boards, which I think is refreshing, because, sometimes, you want to think that you can do all, but you have to understand where you do first and then where you move on to, but then I think we can redress that balance from the centre in terms of where we must put support in from the centre, as opposed to doing anything via the city regions and those belts.

[163] **William Graham:** Could I just follow up, particularly on what Kevin was saying? I

thought there was more of a realism now that people would understand that a lot of the Valleys communities are happy to be dormitory towns. I accept the point you make very strongly about youth unemployment, but so many Governments over the last 50 years have artificially tried to increase factories in those areas, largely without success. So, why should it be different this time?

[164] **Professor Morgan:** Well, there's a debate worldwide, isn't there, about what you do about so-called declining industrial regions? It seems to me that the first thing that we do, as the Minister says, is to begin with an honest debate. There is a very respectable movement around the world called the Shrinking Cities International Research Network. You may or may not be aware of it, but they have some of the finest debates that I know about how you recalibrate a place to put it on a sustainable footing, when its original economic vocation has gone. This is a classic case, isn't it, for us in many parts of Wales—in north Wales and in the Valleys.

[165] I, personally, come from the north of the Cynon valley, near where Christine comes from, so I'm very, very familiar with these debates. I think the real challenge, and a viable, feasible way to proceed, is to think that the Valleys does have a viable future. Why do I say that? Because, as a senior member of Cardiff University's management team, I'm often interviewing young academics—young men and women—who come to Cardiff and I ask them why they've come and where are they going to live. Before the financial crash, there was a discernible trend to buy property in the Valleys and I would say, 'Why are you interested in that?', 'Well, because we like to be close to a beautiful environment and there's cheap property'. These are assets and this is the way that the shrinking cities movement thinks about places. The classic is Detroit; it's the most dramatic example of all I know of industrial decline. What's most distinctive about Detroit, because many rust-belt cities share the same problems—what's most distinctive is the scale of the emptiness. You've got an emptiness in Detroit the size of Manhattan, so the trick is not to flatten what remains, but to recalibrate it. They're building urban forests instead of the voids to give people a reason to live near them rather than to flee from them.

11:15

[166] I think this is the way to think about the Valleys. Yes, it may be a smaller population, but it's viable a) because it has access through good connectivity to Cardiff and the surrounding economy, but also through judicious smaller scale investments, as the Minister says, in the Valleys themselves, thinking of construction, for example. There are enormous opportunities for us to deploy the power of purchase through public procurement to raise what we might call our asks. We've had a poverty of ambition in the way we use public procurement in Wales. We don't ask enough of it in terms of apprenticeships, of those not in employment, education or training and of building skills and projects, and we need to raise our game in Wales, throughout Wales, to raise our ask. The Valleys do have a viable future because of these reasons, albeit a different future, I think.

[167] **Edwina Hart:** Also, a future, when you talk about that, because what we found very encouraging in the discussions, I think, on the city regions is the value of tourism, and other activities within the Valleys, in the most beautiful environments, that actually create microbusinesses and SMEs that actually take on a different role—. So, I think what Kevin's illustrated is the type of discussion that's actually going on in city region boards, which you don't want to stop in any way, because I think they'll come out very thoughtfully, in terms of your board, about what they want to do about the Valleys in terms of how we can get Government policy correct in looking at the issues that you've raised, because I think there's an opportunity there that we haven't had before, but we can't have this—. Because we're having an honest discussion, we can actually talk about the opportunities from this.

[168] **William Graham:** I hope, Minister, that you will factor into your discussions—. I mean, all of us have met with and listened to this committee and have had our own experiences as Members. Are we missing out just a little bit on tourism and culture? We hear a great deal about economic activity, which we all support, clearly, but there is the other side.

[169] **Edwina Hart:** I think, on the tourism agenda, they have definitely, within both city regions, looked at major tourism projects and looked at tourism links, and they're actually looking at issues, aren't they, about the canal coming down from Brecon to Newport? They are looking at quite long-term issues on the back of this, and I think there'll be more long-term issues coming forth from the city regions, because I do see tourism very much as the opportunity—just look at activity tourism, where you've only got to look at some of the beautiful facilities there are, you know, within Afan Argoed and everything, and you look at what's going on in north Wales now with Surf Snowdonia—international reputations are emerging in terms of what we can do. I think, if they both want to comment, there have been quite a lot of discussions on this, because there are leads within the regional boards on them.

[170] **Mr Phillips:** Yes, there have been. I mean, in the Swansea bay case, a couple of weeks ago, we, at WEFO's request, gave a view on the first tranche of projects around tourism, so, for example, top of our list was the development at Saundersfoot, which benefited, I think, from the previous round of structural funds, but that's quite an exciting development. We're having discussions—there's not an exclusive focus on Pembrokeshire and Carmarthenshire, but that's where we're starting—and we're looking to draw together the strands to take full advantage of some fantastic natural assets down there. Similarly, there's a rather technical exercise going on at the moment with Visit Wales around destination management plans, which are, effectively, the foundation stones for the new structural funds round, so we're looking at—there's one each for the four authorities, but they will be saying, basically, the same sorts of things, because we want to look at it on a regional basis. It's not a competition as such, but, you know, individual local authorities are investing in their own assets. I mean, my own authority has invested hugely in Aberavon beach and the facilities along the waterfront there, and the same has been the case in other areas. So, tourism most certainly is on the board's agenda.

[171] **Professor Morgan:** All I would add, Chairman, is to say that the opportunities afforded to Wales by rethinking the role of our culture, our nature and our environment, building eco-tourist services, ecosystem services as part of the economy, that you buy your economy—. There are new ways of doing business, but we've got to view and value our assets differently. For example, one of the cinderella projects, as I sometimes say in the board, in the Cardiff capital region is the Valleys regional park. Sometimes, politicians don't sufficiently value that as a resource and an asset. I think there are enormous opportunities there for local people, initially, you know. When you put our long-term limiting health problems, where we're top of the leagues that nobody wants to win, as it were—you put that together with our environment, somehow there's got to be a solution there, whether it's schools starting nature walks, trails, bike trails, or whatever. But, first of all, it comes from viewing and valuing an asset properly, in a sustainable way, that fits our aspirations, doesn't it, in terms of future generations Bill thinking, public health, active travel. Once again, it comes back to this issue of aligning these things, and not treating them all in silos. So, to go back to your question, I think there are enormous opportunities for us to think about tapping our cultural resources and our natural resources in new ways, but we've got to view and value them properly.

[172] **Eluned Parrott:** Just quickly on that point, I absolutely agree that we've got a fantastic opportunity through both natural and cultural resources all over Wales. But one of the challenges, really, in terms of tourism is making sure that we're maximising the spend of each visitor that comes to us, and that we're making sure that those people are staying with us, not just driving in and driving out again without having spent any money here. Now,

according to statistics that I think were released yesterday, we actually had something like a 20 per cent drop on the same period last year in the first two months of this year in the number of people coming to Wales to stay for holidays. So, clearly something's going wrong. I'm wondering what your assessment is. Clearly, we've got hotel beds in places like Cardiff, but do we have enough infrastructure—like hotel beds, like tour operators, like those kind of things—to support the development of tourism that these wonderful assets and visitor attractions and natural trails and things along those lines really deserve now?

[173] **Edwina Hart:** I think they're not really quite fair questions to the two individuals here. They're more questions for me on this, and I think it's more appropriate, probably, if you wanted me to come back for scrutiny on the tourism agenda and the policy that we are developing on tourism about beds and stays, because, ultimately, the views of the tourism panel will be paramount, because they then feed into what the city region boards do, and vice versa—though we do have people who are very active in tourism on the panel, I know, particularly in south Wales. So, I'd be more than happy to come back for that for a separate session, because I am aware that time is essential in terms of this scrutiny, Chair.

[174] **William Graham:** Thank you very much. Keith—. Sorry, James.

[175] **Mr Price:** There was one point I wanted to make that I thought was quite fundamental in the context of 'Is it all about south-of-the-M4 development and commuterville?', if you like, or not. I think the metro should be mentioned in this regard, because, when I first started looking at this, I didn't quite get the concept, but the concept is very clear, which is this is about making transport available all over south-east Wales to go to destinations all over south-east Wales. It's not about everyone commuting into Cardiff in the morning and then coming out of Cardiff in the evening. Speaking to various people like Chris Sutton—I don't know if you've taken evidence from him—

[176] **William Graham:** Yes, we have.

[177] **Mr Price:** He will speak quite eloquently and quite excitedly about the potential for places like Pontypridd, for example, to reinvigorate themselves as places for significant office-style development, because you bring people out of Cardiff and you bring people down from the Valleys. Then, talking about the leisure and cultural opportunity—again, this isn't real, but you can see how it could become real—there's no reason why people couldn't, in the evening, go to different Valleys communities to go to various different restaurants. It's about creating something that's not all about pulling people into Cardiff and pulling them back out of Cardiff; it's trying to get that whole region working.

[178] **Edwina Hart:** It's like London and the underground. If you live in one part, you go to another part if you want to go out for a meal, or you want to go to the theatre and everything. It's that type of world we've got to move into, isn't it?

[179] **William Graham:** Very true. Keith.

[180] **Keith Davies:** It is Christine now, I think.

[181] **William Graham:** Do you want a quick question?

[182] **Christine Chapman:** It's just on this strategic plan—

[183] **William Graham:** Yes, by all means. By all means.

[184] **Christine Chapman:** Just very quickly, going back to the detail and delivery of this, obviously the city region boards produce documents, and I just wonder: are you content,

Minister, that there's enough detail regarding objectives, milestones and targets? Are you generally content with those documents?

[185] **Edwina Hart:** They are at quite a high level, aren't they, in very real terms? Of course, the detail will come forward, I think, in due course when they refresh them and they go through the specific projects. I think that what was required in the first instance were those types of documents, and I think the boards felt that those were relevant in terms of the discussion and drawing the strands together. I don't know whether Kevin and Steve—

[186] **Professor Morgan:** We've just been talking about an issue, and you'll be familiar, Christine, with this—I think *The Times* said this was one of the most important maps published in Wales in the last 50 years, or something like that. It's about connectivity, isn't it, which I think is the Achilles heel of the Cardiff capital region, in many ways. I do a lot of work in Brussels, and I'm the only person in the room in these meetings—the only person—who has been unable to fly direct from a capital city to Brussels. Now, I know that doesn't resonate much for people, let's say, in Cynon Valley—it's not at the top of their list; they don't give a damn about that. I understand that. But, that lack of connectivity does resonate for other people—investors, for example. It's one of the first questions a smart inward investor will ask: 'What is the state of connectivity—transport, digital; what are the times to London?' One of the things that frightens me is that the English Core Cities are getting closer to London every year than we are. As you know, it's not about distance, it's the time.

[187] **Edwina Hart:** That's why electrification is so important.

[188] **Professor Morgan:** It's very important. You see this in their quotes, in their place-marketing documents. That time is shrinking, and it's shrinking faster than our time in terms of Swansea and Cardiff times to London. So, connectivity is an incredibly big challenge, and that's why the metro—of course, that's internal connectivity, I know—and connectivity is such a big issue for us.

[189] **Mr Phillips:** I can't add to that, really. The metro project is not only important, I would argue, for the Cardiff capital city region, it's also important for the Swansea bay city region. We're just off the end of Kevin's map here, and you can probably get, as things stand today, from some of the places on that map to Swansea just as quickly, if not quicker, than you can get to Cardiff. So, this connectivity agenda is vital. Similarly, Cardiff Airport is Swansea bay's airport. Similarly, the electrification goes from Paddington to Swansea. This project has been talked about in the context of the Cardiff capital region, but, going back to what we were talking about earlier around the Valleys communities, there are spin-off benefits for the Valleys in my part of the world as well, and the Heads of the Valleys road and the connectivity issues around tourism, for example. So, it's win-win.

[190] **Keith Davies:** I assume that, out there, they support the Swans, rather than Cardiff City.

[191] **Mr Phillips:** They do—very wisely. [*Laughter.*]

[192] **Keith Davies:** Kevin mentioned earlier innovation in Cardiff and what Cardiff University are doing in Maindy there, which is quite important. But, you had an international innovation meeting in the Swansea bay region about a fortnight ago. Can you expand on that for me, please, Steve?

[193] **Mr Phillips:** Well, I think, in our original strategy, we focused very clearly as one of the five strategic aims on innovation, and you would expect someone with Sir Terry Matthews's background to be very committed to that agenda. So, he brought together a very impressive list of speakers and participants in that conference. It was designed to showcase

the capacity that we believe the region has to build on things like the test-bed announcement, what the two universities are doing, what other further education institutions are doing further west—Coleg Sir Gâr, for example—to interface with employers to look at how we can bring in venture capital funds, value-added businesses, exploit the commercialisation of the academic research that is done in these institutions, and put the region on the map. Again, if I'm honest about it, we're being slightly opportunistic, because if, or rather when, the lagoon happens, because I think it's going to happen, Sir Terry's agenda is to put south-west Wales on the map as a global centre for sustainable energy, and all the benefits that go with it. I don't think that can be underestimated in the same way that the impact of the new campus and the 3,000 students that will be there in September cannot be underestimated. So, it was an umbrella event, if you like, but it was clearly designed to build on our original strategy and move that agenda forward.

[194] **Keith Davies:** I know that Tata Steel and the university are working on solar panels on buildings, which is quite important, because if that succeeds, it could go worldwide, I suppose.

[195] **Edwina Hart:** And, of course, we've given a lot of financial support to the Sustainable Product Engineering Centre for Innovative Functional Industrial Coatings in terms of the Welsh Government, because we do see this as being the future. It's very good, of course, to have a private sector partner, like Tata, involved in terms of the development, and it's been very interesting how quickly that's all developed there.

11:30

[196] **Mr Phillips:** It was no coincidence that the last board meeting was held in the innovation centre in Baglan, which houses SPECIFIC, nor was it a coincidence that at dinner the previous evening, the two main invitees were the two senior managers from Tata. So, that gives you some idea of how we're trying to pull the agenda together.

[197] **Keith Davies:** You produced a document as well, the board in the Swansea bay city region, talking about whetting the appetite of people in the west really. Can you say more about that?

[198] **Mr Phillips:** I mentioned that, clearly, tourism is a major issue and there's the project at Saundersfoot that I mentioned. We also had a presentation last week on the exciting S4C developments in Carmarthen—Yr Egin. As I mentioned, I think when I came to this committee previously, we are very mindful of how we respond to the opportunities presented by the enterprise zone in Milford Haven—there was a very good announcement in the media this morning of 100 jobs. I'm not claiming the credit for that on behalf of Swansea bay city region, but it shows what can be done if you try and position these sorts of facilities in the best way to take maximum advantage of the opportunities. And we've got to respond to some not so good news as well. The Minister put in place a response to the Murco announcement late last year and we're very mindful of that sort of thing. So, yes, arguably, we do have a bit of a Swansea focus at the moment, but it is a regional focus building on what we want to see as a vibrant city. But this is not just about Swansea; it is about the whole region and it goes back to what I was saying at the very start of this meeting. This city region, our city region, is very different, I think, to other city regions. We are semi-rural, let's face it, and we've got to tailor our agenda and Sir Terry Matthews is very mindful of that.

[199] **Edwina Hart:** In terms of transport, we are giving further support, with Professor Stuart Cole, to help the city region to look at the transport issues within the region and what more can be done. We think that will be quite useful, because obviously I've got to deal with the A40 issues because that's quite important strategically—the links across to west Wales down in that particular area. It's been interesting to see what the city regions have done here,

and it's now interesting to see what the north Wales economic ambition board are doing in terms of almost having a structure that is also compelling in terms of how they're identifying large projects because they've identified electrification et cetera and various other things up there. So, all the work that's being done in regions is actually going into other areas with people doing very complementary work within their own areas of Wales. But transport is a big issue for us, and even though we haven't got bus regulation, because it's only Northern Ireland and London that have bus regulation, there is an increasing view that we can work more collectively in terms of the transport agenda that happens elsewhere, with the private operators working with us to actually help with some of the transport infrastructures across both city regions. So, Stuart Cole will be concentrating on some of those issues and also looking at some innovative issues regarding, perhaps, rapid bus transit and various things also done in that area.

[200] **Keith Davies:** The other issue I think for the Swansea bay city region, and Kevin mentioned it for the Valleys regions, is SMEs and getting them into the Valleys towns of Merthyr and whatever, but I think that's true in west Wales as well. Supporting SMEs across the region, all the way down to Pembrokeshire, is extremely important.

[201] **Mr Phillips:** I think, in Terry's latest report to the Minister, he talks about the concept of organic growth, which is precisely that. There's a lot of academic and other evidence to support the contention that SMEs are vital to the growth of any regional economy and we haven't lost sight of that. Again, it's reflected in our original document and there are some outstanding success stories in the region, which we can build on—arguably, not enough, but this is not all about universities or large inward investment projects; it's far from it.

[202] **Edwina Hart:** Another point, moving on from that, is what you said about procurement, Kevin, but there's an issue about smarter procurement within Wales because we have a lot of SMEs that actually produce things that they export, but other companies don't buy in Wales, or other people who want things don't buy in Wales. Some of the discussions that we've been having are around who supplies various things to the NHS. When you have companies in Wales that are actually doing it, they should be supplying to the NHS. It follows on from the discussions about food contracts, doesn't it, within local government and the NHS, about where the supply chain comes? I think there's a lot of work that's going to have to be done in both city regions to deal with some of these issues, Kevin, because it's a virtuous circle if you can do that.

[203] **Professor Morgan:** If I can just elaborate on that, Chair: this is an enormously important issue, I think, because the public sector is constrained in so many ways, and yet we haven't put our own house in order in terms of using our resources to the best effect. Public procurement, I think, would be the best example of it. It's at a low status. The men and women engaged in it have had a low status, generally, in their organisations. In smart organisations, they come to the fore. In the private sector, they've gone from the back room to the board room, as we say, because of the strategic importance attached to it. We've got a very poor public record in some areas and it's very good in others. I'm just preparing a report at the moment called, 'Good Food for All', which I'll send you a copy of, which looks at the way the public sector procures food and what are the leaders and the laggards, and why. It's making the point that the power of purchase is a phenomenal power, if you've got the professional skills and the political commitment to deploy it. If you will, as they say today: that's the 'take-away' message from procurement literature. [*Laughter.*]

[204] **Edwina Hart:** It's simple things like what we've done with our contracts on our steel, isn't it, to ensure that steel in the UK, et cetera—. We'll look at that in everything that we do in terms of rules, which protects, in many ways, what we're able to do. These are not difficult decisions to make as long as the decision comes to you to be made.

[205] **William Graham:** Eluned.

[206] **Eluned Parrott:** Just on transport, clearly, in the Cardiff city region, we've got the metro concept, but I was interested to hear you talk about the Swansea bay city region being a global centre for sustainable energy. It occurs to me that there's an opportunity as well in terms of sustainable transport for, particularly, the inner part of Swansea bay, which is—as my husband works in Swansea, I happen to know—horribly clogged with cars and you could die of sheer frustration or old age sat on Fabian Way, any day of the week, at pretty much any time, and going out to the Mumbles is worse still. So, what kind of plans or what discussions have been going on within that inner area, if you like, in Swansea to tackle that and to look at more sustainable ways of moving the population around—maybe looking at the bottom end of the Heart of Wales line, for example, as a commuter route and other opportunities there to create, if not a metro for the Swansea bay area, then certainly a much more integrated plan for transport?

[207] **Edwina Hart:** I've been discussing this with Professor Stuart Cole and he's been discussing with the city region the very point you make about commuters, because there is a very good line that runs up from west Wales into Swansea. Of course, I live in Gower and I declare an interest and I have a very nice station there, but the car park is overflowing in terms of the resources. I've said to Stuart Cole that we do need to look at where we can get hubs, where people can park cars up—hubs that are bigger and better—so we can actually get them on those routes.

[208] He's also looking at an electric bike project for me for the city as well, because I think that to link the campus up with you in Neath Port Talbot, all the way down to Trinity St David and all the way through, will actually be an option. Electric bikes have been very successful elsewhere. Also, there is a concept that I'm yet to discuss with the city region board, but I quite like cities without traffic. I like cities that are quite different, where you can only get to a certain point and then you have to do other things. So, I have told Professor Stuart Cole that he can think outside the box on these matters. I'm sure there'll be horrible letters in the *South Wales Evening Post*, the *Llanelli Star* and in Port Talbot and everywhere if he starts to look at this. Also, can I say that if you do something different in transport terms, you can also sell things better in terms of the environment that people are moving into? I think that this is the absolute key, because the Mumbles road in the morning is urgh—like that—and then they go onto Fabian Way and it's like that. I avoid both of them by going another way out. So, it's important to recognise that we need to do some of these things. I think that that is a selling point for the region, if we get to grips with innovative public transport.

[209] **Professor Morgan:** Could I also add that when we talk and think about mobility, we don't just think about cars or even metros? One of the most exciting projects that, I think, we've ever dealt with in the Cardiff bay board—I don't think it's in confidence—is the reimagining of the city of Cardiff. Think of the exciting things going along in Central Square: the BBC are bringing a new creative buzz to the city. In the university, we've been thinking about working with the council and thinking about the total pedestrianisation, for example, of Cathays park. What would that mean and look like? It's quite an exciting proposition. So, that's about mobility, but it's about people mobility, as the Minister says, about new walkability schemes, because, ultimately, of course, this is part of a health strategy, isn't it? It is building physical activity into our routines of everyday life. Once again, it comes back to that old issue of alignment, joining things up, and viewing and valuing things in new ways.

[210] **Eluned Parrott:** The other question I wanted to ask, just in terms perhaps specifically of the Cardiff capital region, was to do with skills. Now, you've talked about the innovation campus at the university. As you probably know, I used to work at the university, so I have some awareness of that, but I'm sure the committee would appreciate having a

better understanding of what that's going to deliver for the city region. Looking at skills across the piece, clearly, we've got some fantastic niche market opportunities through the knowledge transfer opportunities from universities, but, actually, we need to make sure that people at all levels of education have the appropriate skills, and I'm wondering what work the city region is doing in making sure that the vocational skills that we're providing through further education in our city regions are providing us with the right skills and the right amount of opportunities for the economic opportunities that we're seeking to go after.

[211] **Edwina Hart:** Kevin, you've done a lot of work on that.

[212] **Professor Morgan:** Well, I think, on the skill front, to be fair to the board, we've framed the issue as a multidimensional labour market strategy, from the lowliest skills to thinking about how you upskill. How do you engage, for example, NEETs—those not in employment, education or training? It's one of the big issues that we've dealt with, as Cardiff has a large share of the NEET population. Then we're thinking about our apprenticeship support, linking it into procurement again, for example, but also into private schemes. I think all public bodies at some point will be asked: what are you doing for apprenticeships? What is the level of apprentices on your staff? What is the level of local food purchasing? These will be the asks that we'll make of public bodies—rightly so, I think—and that skills strategy extends right up to the top level. Sêr Cymru, for example. We've just announced our new attraction, a top-class scientist from California, to align it with one of our projects in Cardiff innovation system, the compound semiconductor institute. I've been in Cardiff for more years than I care to remember, but I don't remember a more exciting time to be part of the university and the innovation campus in the heart of the city, or to be a citizen of the city itself, where there's a real buzz. Coming from the Valleys, I can see real opportunities to link in those things to the issues that Christine was raising earlier. So, as I say, if we've got the wit and the wherewithal to do this, we can do something truly transformational, in my view.

[213] **Eluned Parrott:** I think there are some really interesting things. I mean, clearly, we talk a lot in this place about apprenticeships and their importance; we talk a lot about NEETs and how to bring people into the workplace and into training. There are a couple of gaps that we don't talk about so often, one of which is for those people who go into the workplace and wish to develop their skills whilst they work, outside of a formal apprenticeship. So, opportunities for in-work training, so that people who go into a job don't stay in that same job for the rest of their life, that they have some opportunity for career development. There've been big cuts, obviously, in FE in terms of things like continuing education for adults. That is going to have an impact on those kinds of skills. What assessment have you made of those other opportunities, which I think, as I say, sometimes get forgotten about?

[214] **Edwina Hart:** I think, in terms of other opportunities, good companies, of course, do train staff onwards and upwards in terms of their career development. When you look at some very good companies, somebody who started off as an apprentice is now actually on the board of some main companies—they've come entirely through the system. I think the question will be with small and medium-sized companies, as perhaps they don't have the capacity for that level of training within them, which is obviously an issue that we are discussing within Government now. There are several training issues that are now coming to the fore in terms of what we need to do. When the Chair said about tourism and culture, of course, one of the great successes is actually being creative in terms of having film studios right from Monmouthshire all the way down to west Wales absolutely full to capacity in terms of delivering, but in order to keep up with that market, we've had to keep up with the skills demand of the market.

11:45

[215] It's very important to recognise that we have now looked at innovative ways of

developing the skills that are required for that market, outside perhaps the normal structures that we have. So, that's an ongoing discussion I am actually having with the skills Minister about how we need to adapt what we're doing into perhaps methods we haven't used before, like they've gone to this college or that. And, of course, colleges have their own little fiefdoms and areas, but sometimes those colleges won't have the skills for the business that I might need to attract into an area. Somebody else might have to do the training and the on-job training. So, these are ongoing discussions across the piece. I know it's been discussed with your board because of the Murco position particularly.

[216] **Mr Phillips:** It has. We're doing a lot of similar things to what Kevin was describing in relation to Cardiff. The dialogue that I referred to earlier with Tata, the recent dialogue, was precisely on this subject. There's a piece of work ongoing as a product of that conversation. The other thing that the board are very keen to do is to engage with young people. We've had a number of events, so the innovation conference had young people invited and Sir Terry's done other events with young people to promote entrepreneurship, but we are thinking, or beginning to think, about how we can not just focus on FE, but actually use the school improvement consortia that have been set up, which were the subject of a report by Estyn and the Wales Audit Office in the last couple of days, to see whether we can use those vehicles to get messages directly into the schools. Because the earlier you catch the youngsters, the better, basically.

[217] **Mohammad Asghar:** I wish the Minister was living in Newport, because we haven't heard very many times 'Newport'. Swansea and Cardiff have been mentioned many times, and the developments many times. Newport actually is a transport artery for South Wales East. Before I ask my question on the metro, the Minister is doing a wonderful job, I agree, but, I think Newport also links with the Valleys very strongly, and the metro definitely needs to go there. It's very important to improve. Until South Wales East—not the far east—is developed properly, and until our economy is all easy, quick, fast and cheap travel, by road, by air, by sea—I think the whole of Wales won't be prosperous in our economy. That's guaranteed. Our artery, as he said, is the Severn bridge, which comes from that way—South Wales East is the main area. I wish you were living there, Minister.

[218] My question on the metro now: when will a delivery plan for the metro, setting out both interventions and governance structure, be published, please?

[219] **Edwina Hart:** I will be making an announcement, as I've indicated, before the summer recess on these matters. We're finalising various details now. In terms of what we've done on the metro—and, of course, we've got the franchise issues as well arising—we've had a big discussion with the user groups on what they require from the franchise, which has been absolutely excellent in terms of what they want. In terms of the metro, we're well ahead in terms of plans. We will be sharing with the Assembly and I will be making the announcement to the Assembly.

[220] Can I comment on your comments about Newport? Newport is actually very active in terms of its involvement within the city region. A lot of work has been done in Newport. If you recall, I commissioned Simon Gibson to do a report on Newport, and the issues that arose from that have actually been taken on board. We have 'Tech Tuesdays' in Newport at the Celtic Manor Resort, where people come together to discuss their problems: about business, about innovation and everything. Also, in terms of Newport as well, arising from Newport, you've got quite a lot of hub—very good companies in Newport. It's actually being seen as a very dynamic area in terms of expansion. The point you make about the Severn bridge I think is well made. I think that it's absolutely awful the costs that are involved in crossing the Severn bridge and the impact on industry, when people are constantly going back and forth. Obviously, the arrangements on the bridge will change in due course. We've got to recognise there will always be costs for repairs and maintenance on the bridge, but I think we're all

fairly agreed that we do see the Severn bridge as a bit of hindrance in terms of development of the economy now, with the charges that are being levied on it.

[221] **Professor Morgan:** Can I add to that? I agree we haven't spoken much about Newport at all, but there are some really exciting things going on. Again, it comes back to this issue of how we view and value things. Are we picking up the new—something that can really be developed and have some transformative potential? The Minister has spoken about the work of Simon Gibson. I think he's done a lot of good work to identify potentially transformative projects.

[222] From a Cardiff University point of view, I'm sure you're aware that we've done, I think, one of our boldest investments in concert with Welsh Government in investing in the new software academy. Potentially, this is one of the biggest things we could ever, ever do, in my view, because what it does is it responds to the known, felt need in the market for highly employable industry-facing software skills. We've taken a big gamble, if I might say so, by thinking about abbreviating the degree, raising the possibility that people might accuse us of dumbing down, as it were. These are issues that concerned us, but we were convinced that we were responding to a real market need, and we've put that software academy, working with Welsh Government, in Newport. It's one thing that is well worth tracking. Linking up and aligning, once again, to the work of Simon Gibson, I think the innovation agency will be based in Newport. That's another good institutional innovation to track, it seems to me.

[223] **Mohammad Asghar:** It's just a matter of information, now, before I ask the second question, Chair. Kevin, you mentioned about Stuttgart that 95 per cent of the budget goes to transport. What is the total budget of Stuttgart then?

[224] **Professor Morgan:** Of the Stuttgart city region? I haven't come quite prepared with that figure in my mind, but I can certainly let you have it.

[225] **Mohammad Asghar:** It must be more than ours.

[226] **Professor Morgan:** I can let you have it this afternoon.

[227] **Mohammad Asghar:** You also mentioned about Detroit, which is an industrial city in America, and, basically, all decline industrial area—

[228] **Edwina Hart:** Incredible.

[229] **Mohammad Asghar:** Yes, terrible. But the fact is, our South Wales East Valleys are going through the same sort of scenario, with the steel gone—

[230] **Professor Morgan:** Indeed, but we don't want to see places as bounded spaces. You've got to see places in relation to something else and understand the flows. In Cardiff, one of the most exciting things we're trying to do is to appreciate what happens to that cohort of population who are 28-plus. I know from age 18 to 28, London sucks them in from all over the country, but if you look at the life course of people, it's not a brain drain. We see a brain circulation. So, the 28-plus are leaving London in hordes, and where are they going? Bristol, Manchester and Birmingham. Newport and Cardiff need to be on that rebound city list, and you do that by creating a buzz in your city and linking to the flows that are coming.

[231] **Mohammad Asghar:** There again, the buck stops on the transport. People should have proper, quite cheap and easy transport to go and do the jobs and live there, wherever it is. I come to the question now, because the Chair is looking at me. What progress has been made by the Welsh Government on a not-for-dividend transport company including membership, expertise, governance and accountability?

[232] **Edwina Hart:** Well, we're obviously still looking at the work around this, James, aren't we? We do intend to proceed with that model and we'll be making announcements on it in the near future, because it's very important that we get all our ducks in a row with the metro project and all of these things. I think we're really now finalising some of our thoughts on it. I'm sorry that I'm not in a position to say any more. I don't know if there's anything more you can help the Chair on.

[233] **Mr Price:** I think, in previous committee meetings, we've said everything we can say today. So, the not-for-dividend company has been set up. It is in existence. It's not yet trading. It will be trading quite shortly. There is a very high-level advisory board, and all of that detail will be announced shortly. In terms of governance and accountability, because it's a wholly owned subsidiary company of the Welsh Government, it will be accountable to Welsh Ministers and be able to be scrutinised by groups such as yours.

[234] **Mohammad Asghar:** Thank you very much.

[235] **Edwina Hart:** Rather much like Finance Wales. We've indicated scrutiny of that board. It will be the same arrangements.

[236] **William Graham:** Minister, one thing that we were very impressed with when we went to Transport for London was the statistics in terms of actual journeys. Of course, the overwhelming majority of journeys were by bus. How do you see the future now in Wales for bus transport?

[237] **Edwina Hart:** Well, we think that there's a good future in Wales. We've got very good agreements on some of the discussions we're having with bus operating companies on other issues, and we think we can make a move to greater consolidation in terms of what we do. Is it Manchester that's dealt with their private companies and everything in a very holistic manner?

[238] **Mr Price:** They have done, and they're looking for additional powers there, as well.

[239] **Edwina Hart:** They're looking for additional powers. So, we would like to do the same as they've done, because they haven't got bus regulation, and take examples from there. Can I say that we have taken the opportunity, with all the things we've been doing on delivery on rail and bus, to speak to other organisations, such as Merseyrail? It's been very helpful to see from some of the northern regions how they've been managing. You've had discussions across the piece, haven't you, in terms of how Transport for London and everything have operated? When we bring together everything that we need to do on this, I think you'll recognise that it'll be a complete package.

[240] **Mr Price:** I think one of the big challenges that we've got to address is proper integrated ticketing. Just speaking very honestly, I think that will be the test as to whether that can be done in full without having powers. I think we'll get most operators to sign up to it. Some operators may say they won't sign up to it, but time will tell. Without proper integrated ticketing—

[241] **Edwina Hart:** We can't do it.

[242] **Mr Price:** —to my mind, it doesn't really work.

[243] **William Graham:** I think, on behalf of all those Members who were incredibly impressed with what they told us in Transport for London, the ticketing is probably the most innovative part of their enormous research capability—

[244] **Edwina Hart:** We agree.

[245] **William Graham:** —and I would encourage you greatly to take up those negotiations with them. They were perfectly happy to talk.

[246] **Edwina Hart:** We are doing it.

[247] **William Graham:** You haven't done so yet.

[248] **Edwina Hart:** We have started discussions—initial discussions—yes.

[249] **William Graham:** We asked them that question specifically, and I think they are very, very welcoming on that one. I think we all agree with you that the ticketing element of it is probably the most vital aspect. You're absolutely right. Keith.

[250] **Keith Davies:** In your paper, Minister, you've got a lot there about railway stations et cetera, and you talk about Access for All, where the Department for Transport are giving £16 million, and they're going to fund six projects, including Llanelli, and that's why I'm asking the question. [*Laughter.*] Is there a timescale on this?

[251] **Edwina Hart:** It's only in this period, isn't it?

[252] **Mr Price:** There will be, and I think it's in this control period, which runs up to 2019. So, everything will have to be done by 2019. There are quite frequently small amounts of money that are made available for rail infrastructure, and we, I think, have been quite successful, actually, in terms of bidding for that and drawing quite a bit of that money into Wales. The challenge that we've had, again, speaking openly, is getting the projects delivered on time and to budget. But, we have made progress, and Pye Corner is probably the best example of that.

[253] **Edwina Hart:** We've got to be alert to the fact that we've got the next period coming up, haven't we? We've got to make representations by 2016 on the next control period for Network Rail, for projects, in order that we can lobby. So, we've got to have all our detail in by September 2016. So, we've got to be forward-thinking about what's being done up to 2019 and how we need to take it forward. So, those will be issues I'm sure city regions and various others will be discussing in terms of projects.

[254] **William Graham:** Are there any other questions from committee? No. Thank you very much, Minister, and your officials, for your attendance today. It was really worth while, and we're most grateful. Thank you very much.

[255] **Edwina Hart:** Thank you very much. Chairman, of course, if you wish in the future as we proceed now, probably in the autumn term, to look at the next stage for the city regions, I'm sure we'd all be more than happy to come back for scrutiny in terms of where we're going with the city region structure, if it would be helpful, in view of the dialogue. It might also be helpful, perhaps, that Professor Stuart Cole might attend one time with me to look at some of the transport challenges within the city region in Swansea and the issues around innovation on transport.

[256] **William Graham:** Thank you very much. That's a most generous offer, and I'm sure we'll take you up on it. Thank you very much. The public meeting is now closed.

*Daeth y cyfarfod i ben am 11:58.
The meeting ended at 11:58.*

